Testimony of
Jay C. Ziminsky

DELMARVA POWER & LIGHT COMPANY
TESTIMONY OF JAY C. ZIMINSKY
BEFORE THE DELAWARE PUBLIC SERVICE COMMISSION
CONCERNING AN INCREASE IN ELECTRIC BASE RATES
DOCKET NO. 11-

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1. Q: <u>Please state your name and position, and business address.</u>

A: My name is Jay C. Ziminsky. I am Manager, Revenue Requirements, in the Regulatory Affairs Department of Pepco Holdings, Inc. (PHI), which is located at 401 Eagle Run Road, Newark, DE 19702. I am testifying on behalf of Delmarva Power & Light Company (Delmarva or the Company).

2. Q: <u>Please state your educational background and professional qualifications.</u>

A: I received a Bachelor of Science Degree in Business Administration with a concentration in Accounting from Drexel University in 1988 and a Masters in Business Administration with a concentration in Finance from the University of Delaware in 1996. I earned my Certified Public Accountant certification in the State of Pennsylvania in 1988.

In 1988, I joined Price Waterhouse as a Tax Associate. In 1991, I joined Delmarva as a Staff Accountant in the General Accounting section of the Controller's Department. In 1994, I joined the Management Information Process Redesign team as a Senior Accountant. In 1995, I joined the Conectiv Enterprises Business & Financial Management team as a Senior Financial Analyst. In 1996, I was promoted to Finance & Accounting Manager of Conectiv Communications, where I was later promoted to Finance & Accounting Director (in 1999) and Vice President – Finance (in 2000). In 2002, I joined the PHI Treasury Department as

Finance Manager. In 2006, I joined the PHI Regulatory Department and was promoted to my current position in October 2008, where my responsibilities include the coordination of revenue requirement determinations in New Jersey, Delaware and Maryland as well as coordinating various other regulatory compliance matters.

3. Q: **<u>Have you recently testified before the Delaware Public Service Commission?</u>**

A: Yes, I have. I recently presented testimony as a witness before the Delaware Public Service Commission (DPSC or the Commission) in the Company's two most recent base rate proceedings, Electric Docket No. 09-414 and Gas Docket No. 10-237.

4. Q: **<u>What is the purpose of your testimony?</u>**

A: The purpose of my Direct Testimony is to present and explain the basis for the development of certain adjustments used to develop the Revenue Requirement request as supported in the Direct Testimony of Company Witness VonSteuben. These adjustments are described in my Direct Testimony. I also propose ratemaking treatment related to the costs of the Company's Advanced Metering Infrastructure (AMI) deployment.

<u>RATEMAKING ADJUSTMENTS</u>

5. Q: **<u>Please list the ratemaking adjustments detailed in your testimony.</u>**

A: I support the following ratemaking adjustments in my Direct Testimony:

- Adjustment No. 4 – Injuries and Damages Expense Normalization;
- Adjustment No. 8 – Pro-Forma Benefits Expense;

- Adjustment No. 9 – Pro-Forma Other Post Employment Benefits (OPEB) Expense;
- Adjustment No. 10 – Pro-Forma Pension Expense;
- Adjustment No. 15 – Normalize Integrated Resource Planning (IRP) Expense;
- Adjustment No. 17 – Amortize IRP Deferred Costs;
- Adjustment No. 18 – Amortize Request for Proposal (RFP) Costs;
- Adjustment No. 19 – Pro-Forma Operation and Maintenance Expense (O&M) Related to New Customer Information System;
- Adjustment No. 20 – Pro-Forma Postage Costs;
- Adjustment No. 23 – Amortization of Actual Refinancing Costs;
- Adjustment No. 24 – Amortize Qualified Fuel Cell Provider Project Costs;
- Adjustment No. 25 – Amortize Medicare Subsidy Costs;
- Adjustment No. 26 – Remove Post-1980 (ITC) Investment Tax Credit Amortization; and
- Adjustment No. 27 – Recover Credit Facilities Expense.

6. Q: <u>Please describe the adjustment made to normalize injuries and damages expense, Adjustment No. 4.</u>

A: Consistent with the treatment adopted in Docket Nos. 03-127, 05-304 and 09-414, I am including an adjustment to normalize Injuries and Damages Expense using a three-year period average of this expense. This adjustment will result in a

$371,000 decrease to test period operating income and is detailed on Schedule JCZ-1.

7. Q: **<u>Please describe the adjustment made to reflect price changes related to the Company's employee medical, dental and vision benefits expense, Adjustment No. 8.</u>**

A: Consistent with the treatment adopted in Docket No. 09-414, I have included an adjustment for increased employee benefit expenses that decreases test year operating income by $286,000 as calculated on Schedule JCZ-2. This adjustment reflects increased expense related to medical, dental and vision plan expenses provided by the Company for its active employee population. This adjustment to test period operation and maintenance expense reflects an increase in medical expense by 8%, and dental and vision expense by 5%, which are the same cost increase assumptions that the Company uses for its financial forecasting purposes. Based on the analysis (attached as Schedule JCZ-2.1) of the Company's benefit consultant, Lake Consulting, Inc., I have adjusted the test period level of expense to reflect the projected change to medical, dental and vision costs to reflect the level of expense for the rate effective period.

8. Q: **<u>Please describe the adjustment made to OPEB expense, Adjustment No. 9.</u>**

A: Consistent with the ratemaking treatment approved in Docket Nos. 03-127, 05-304 and 09-414, I have adjusted the recorded test period level of OPEB expense to the 2011 level provided by the Company's independent actuary. The Company will update the Actuary's estimated amount for 2011 to the actual amount during the course of this proceeding. This adjustment is detailed on Schedule JCZ-3 and results in a $20,000 increase to test year operating income.

9. Q: **<u>Please describe the adjustment made to pension expense, Adjustment No. 10.</u>**

A: Consistent with the ratemaking treatment approved in the Company's filing in Docket No. 09-414, I have adjusted the recorded test period level of pension expense to the normalized amount using years 2010 and 2011, which were provided by the Company's independent actuary. The Company will update the Actuary's estimated amount for 2011 to the actual amount during the course of this proceeding. This adjustment is detailed on Schedule JCZ-4 and results in a $59,000 increase to test period operating income.

10. Q: **<u>Please describe the adjustment to normalize IRP expenses, Adjustment No. 15.</u>**

A: Consistent with ratemaking treatment approved in the Company's filing in Docket No. 09-414, the Company proposes the normalization of its IRP recurring costs. On December 1, 2010, the Company's IRP for 2010 was filed with the Commission in Docket No. 10-2. The Company's next IRP has a planned filing date in 2012. Although the IRP process represents a 2-year cycle, the costs within the cycle are not ratably incurred each year. Costs include modeling and analytical service, life cycle assessment of power options, outside legal expenses and consultant fees. This adjustment normalizes the level of IRP recurring cost. Schedule JCZ-5 summarizes the adjustment, which results in a $721,000 decrease to test year operating income.

11. Q: **<u>Please describe the adjustment to amortize IRP deferred costs, Adjustment No. 17.</u>**

A: Consistent with treatment approved in the Company's filing in Docket No. 09-414, this adjustment reflects the amortization of deferred costs related to the Company's initial IRP. These costs were incurred beginning in August 2009 (the costs approved for recovery in Docket No. 09-414 were incurred by or before July 2009). These costs are proposed to be amortized over a 10-year amortization with the unamortized balance included in rate base. This adjustment is detailed on Schedule JCZ-6 and reflects a $6,000 decrease to test period operating income and a $57,000 increase to test period rate base.

12. Q: **<u>Please describe the adjustment to amortize RFP deferred costs, Adjustment No. 18.</u>**

A: Consistent with treatment approved in the Company's filing in Docket No. 09-414, this adjustment reflects the amortization of deferred costs related to the Company's RFP process. These costs were incurred beginning in August 2009 (the costs approved for recovery in Docket No. 09-414 were incurred by or before July 2009). These costs are proposed to be amortized over a 15-year amortization with the unamortized balance included in rate base. This adjustment is detailed on Schedule JCZ-7 and reflects a $3,000 decrease to test period operating income and a $27,000 increase to test period rate base.

13. Q: <u>Please describe the adjustment made for increased O&M expense associated with the new customer information system, Adjustment No. 19.</u>

A: Earlier this year, PHI assessed its two customer information systems – C3 which is used by the Company and Atlantic City Electric (ACE) and CIS (Customer Information System) which is used by Pepco. These systems provide automation for many customer care activities including billing, Call Center support and movement of work tickets to field groups. For many years, the external business environment was relatively static in terms of impacting customer information systems; however, the environment is increasingly dynamic and change is rapidly accelerating due to changing market and regulatory requirements, customer adaptation of technology and customer desire for new rates and offerings. PHI's customer information systems represent a very early generation of automation and are largely based on technologies formulated in the late 1960's, which require significant resources to make system changes never envisioned when the systems were first implemented.

Given the shortcomings of the current customer information systems, the PHI Board of Directors approved the customer information system replacement project on October 27, 2011 to implement a single, top-tier customer information system, which would support the customer care activities related to DPL, ACE and Pepco as opposed to continue to grow the legacy customer information systems beyond their functionality. This plan includes the following phases:

- Assessment phase (completed in early 2011),
- Detailed planning phase (completed in September 2011),

- Internal Planning and Sourcing Phase (scheduled from October 2011 to March/April 2012), and
- Implementation Phase (scheduled from May 2012 to May 2014).

On a Delaware Distribution basis, there are $182,000 of incremental O&M expenses related to the customer information system replacement plan which were incurred in the test period. The incremental O&M costs expected to be incurred in the rate effective period are $826,000. This adjustment to reflect these increased expenses is detailed on Schedule JCZ-8 and results in a $382,000 decrease to test period operating income.

14. Q: <u>Please describe the adjustment for postage cost increases, Adjustment No. 20.</u>

A: This adjustment relates to the planned increase cost of postal service, starting in January 2012. This adjustment is shown on Schedule JCZ-9 and results in a $46,000 decrease to test period operating income. During this proceeding, I will update this adjustment to reflect the actual increase.

15. Q: <u>Please describe the adjustment to amortize actual refinancing transactions, Adjustment No. 23.</u>

A: Consistent with the approved ratemaking treatment that has been included in prior Commission decisions, in Docket No. 86-24 through Docket No. 09-414, I have included in this filing the earnings and rate base treatment of refinancings that was allocated to the Electric business. Lower cost rates in the Company's capital structure resulting from the Company's refinancings provide a benefit to customers. This adjustment is detailed on Schedule JCZ-10 and reflects a

\$389,000 decrease to test period operating income and a \$3,568,000 increase to test period rate base.

16. Q: **<u>Please describe the adjustment for Qualified Fuel Cell Provider costs, Adjustment No. 24.</u>**

A: On July 7, 2011, Governor Markell signed Delaware Senate Bill No. 124, "An Act to Amend Title 26 of the Delaware Code Relating to Delaware's Renewable Energy Portfolio Standards and Delaware-Manufactured Fuel Cells". The purpose of the bill is to allow energy output from fuel cells manufactured in Delaware that can run on renewable fuels to be an eligible resource to fulfill a portion of the requirements of a Commission-regulated utility under the Renewable Portfolio Standards Act.

On October 20, 2011, the Commission approved a surcharge on the Company's electric bills to help subsidize Bloom Energy Corporation's (Bloom) planned fuel-cell factory in Newark, Delaware. As part of the Bloom proceeding, the Company incurred incremental costs for which it proposes recovery as part of this proceeding based on Section 8(c) of Senate Bill No. 124, which states:

> *c) All miscellaneous costs arising out of Qualified Fuel Cell Provider Projects incurred by a Commission-regulated electric company, including, but not limited to, filing costs, administrative costs and incremental site preparation costs, shall be distributed among the entire Delaware customer base of such company through adjustable non-bypassable charges which shall be established by the Commission. Such costs shall be*

recovered unless, after Commission review, any such costs are determined by the Commission to have been incurred in bad faith, are the product of waste or out of an abuse of discretion, or in violation of law.

The Company proposes a three-year amortization of the Bloom-related costs that are currently included as expense in test period cost of service with the unamortized balance provided rate base treatment. This adjustment is detailed on Schedule JCZ-11 and results in a $105,000 increase to test period operating income as well as a $132,000 increase to test period rate base.

17. Q: <u>Please describe the adjustment to amortize Medicare subsidy costs, Adjustment No. 25.</u>

A: This adjustment involves additional taxes related to a change in the law regarding Medicare Part D. The Patient Protection and Affordable Care Act, which became law in March 2010, resulted in a deferred tax charge to the Company's Federal income tax expense. The law changes the tax treatment of federal subsidies paid to the Company to offset the costs for certain retiree health benefits. The charge to tax expense was deferred in the financial records of the Company. The Company proposes to recover these deferred costs over a three-year period. This adjustment is shown on Schedule JCZ-12 and results in a $22,000 decrease to test period operating income as well as a $55,000 increase to test period rate base.

18. Q: <u>Please describe the adjustment to remove Post-1980 ITC amortization, Adjustment No. 26.</u>

A: Consistent with the approved ratemaking treatment in previous cases including the most recent proceeding, Docket No. 09-414, this adjustment removes post-1980 vintage ITC amortizations. This adjustment reflects the requirements of the Economic Recovery Tax Act of 1981 (ERTA) on post-1980 vintage projects for rate case purposes. The Company has been amortizing ITC on a property service life basis. Under ERTA, Delmarva is an Option One Company for ratemaking purposes for post-1980 vintages. The related ratemaking treatment is to deduct the post-1980 accumulated unamortized balance from rate base, and at the same time, not include the related post-1980 vintage amortizations as a reduction of operating expenses. This adjustment is detailed on Schedule JCZ-13 as a $256,000 decrease to test period operating income.

19. Q: <u>Please describe the adjustment made to recover credit facilities expense, Adjustment No. 27.</u>

A: Consistent with ratemaking treatment approved in the Company's filing in Docket No. 09-414, this adjustment reflects the Company's cost related to the PHI credit facility. PHI's credit facility is vital for serving the day-to-day cash needs of its companies, such as Delmarva. These costs are recorded as interest expense for financial reporting purposes of the Company; however, they are not reflected in the cost of capital for ratemaking purposes and thus would not otherwise be recovered. On August 1, 2011, PHI renewed its credit facility for a five-year term. As shown in Schedule JCZ-14, the costs related to the current credit facility are reflected and the related adjustment results in a $142,000 decrease to test period operating income as well as an $186,000 increase to test period rate base.

AMI RATEMAKING

20. Q: Please discuss the Commission's ruling in Docket No. 07-28 in regard to ratemaking treatment of Advanced Metering Infrastructure (AMI) Costs.

A: In Order No. 7420 in Docket No. 07-28, the Commission approved the cost recovery of AMI deployment by stating:

> *The Commission approves the diffusion of advanced metering technology into the electric and natural gas distribution system networks and the Commission permits Delmarva to establish a regulatory asset to cover recovery of and on the appropriate operating costs associated with the deployment of Advanced Metering Infrastructure and demand response equipment. The Commission, Staff and other parties remain free to challenge the level or any other aspects of the asset's recovery in rates when Delmarva seeks recovery of the regulatory asset in base rates. For ratemaking purposes, the Commission may wish to consider an appropriately valued regulatory asset for advanced metering infrastructure investment consistent with the matching principle giving consideration to both costs and savings in the context of its next base rate case.*

In their respective Direct Testimonies, Company Witness Gausman provides details as to the AMI deployment and Company Witness Kamerick summarizes the proposed AMI ratemaking, including the phase-in recovery of AMI regulatory assets.

21. Q: <u>Prior to describing the AMI ratemaking proposal, please discuss how the deployment of AMI is recorded in the financial records of the Company.</u>

A: There are costs associated with AMI which are reflected in the Company's plant in service accounts in its accounting records. These assets, which are currently serving the Company's customers, are properly accounted as in plant in service. With this accounting treatment, the Company's financial statements are properly stated.

In terms of the AMI meters, the cost of procuring and installing the AMI meters is recorded in account 107 - Construction Work in Progress, upon acquisition. Upon meter installation, the cost is transferred from account 107 to account 101 – Electric Plant in Service. Within account 101, the cost is recorded in account 370.1 – a sub-account of Federal Energy Regulatory Commission account 370 – Meters, to properly segregate AMI meter costs from other meter costs.

In terms of other plant in service, there are communication network assets recorded on the Company's books and related hardware and software assets which are recorded as plant in service on the PHI Service Company's balance sheet since these assets benefit both DPL and Pepco. For ratemaking purposes, these Service Company assets are assigned to the utilities.

There are several other costs related to AMI deployment which are recorded as regulatory assets. These costs include:

- Loss related to early retirement of non-AMI meters;

- Incremental depreciation expense – AMI meters compared to non-AMI meters;
- Deferred O&M expense;
- AMI-related savings (recorded as an offset to the regulatory assets); and
- Returns earned on assets related to AMI deployment.

22. Q: <u>Please describe the AMI-related costs which are included as part of the revenue requirement in this proceeding?</u>

A: As detailed in the Direct Testimony of Company Witness Gausman, the Company has made significant investment in AMI-related plant in service such as meters, communication network equipment and software, which are currently serving customers. Total AMI-related plant in service will total $72.0 million at December 2011 and thus are used and useful in the test period. In addition to performing the typical metering functionality that non-AMI meters did, the AMI meters and related assets improved the restoration efforts during Hurricane Irene as noted in the Direct Testimony of Company Witness Gausman. As such, the AMI-related plant in service is included in the per books rate base detailed in the Direct Testimony of Company Witness VonSteuben while the non-AMI meters have been removed from plant in service and are part of the AMI regulatory asset recovery proposal described later in my Direct Testimony. The incremental rate base related to AMI included in the per books revenue requirement is $2.3 million.

The test period also reflects a lower meter reading expense level than the amount currently in base rates. In Docket No. 09-414, the meter reading expense included in test period cost of service was $4.7 million compared to $2.4 million included in the test period for this proceeding. This difference results in a $2.3 million reduction in the proposed revenue requirement.

23. Q: <u>Please describe the proposed ratemaking concept related to the phased-in recovery of costs associated with the AMI-related regulatory assets.</u>

A: As noted in the Direct Testimony of Company Witness Kamerick, the Company proposes the recovery of its AMI-related regulatory assets to the achievement of several key upcoming milestones related to the achievement of customer benefits for utility operational savings as well as the ability to participate in programs to lower the energy supply portion of their bills.

24. Q: <u>Please describe the AMI-related regulatory assets.</u>

A: The descriptions of the AMI-related regulatory assets as well as balances as of October 2011 were:

- The net book value of non-AMI meters which have been retired early due to AMI deployment. The balance is currently $25.8 million.
- Deferred O&M costs incurred from August 2009 (the deferred costs incurred prior to that date were approved for recovery in Docket No. 09-414) through the end of the test period. The balance is currently $11.1 million.
- AMI Returns representing recovery of and on the appropriate costs associated with the AMI regulatory assets as well as AMI incremental net rate base (AMI meters net of non-AMI meters, communication equipment, software and hardware). These returns have been calculated at the

Company's authorized rate of return. The balance is currently $3.1 million.

- Incremental depreciation expense of AMI meters' expense compared to the expense related to the replaced meters. Customer's current base rates reflect the inclusion of the depreciation expense level associated with the retired meters. As AMI meters have replaced the non-AMI meters, the Company has recorded a higher level of depreciation expense for financial reporting purposes compared to the depreciation expense established in rates. Since customers have been paying for a lower level of meter depreciation expense than the Company has recorded for financial reporting purposes, the incremental depreciation expense has been recorded in a regulatory asset. The balance is currently $0.6 million.
- Operational & Maintenance expense savings as detailed in the business case in Docket No. 07-28, including:
  - reduction of manual meter reading costs;
  - implementation of remote turn-on/turn-off functionality;
  - reduction of off-cycle meter reading labor costs;
  - improvement of billing activities;
  - asset optimization;
  - elimination of hardware, software, maintenance and operation costs for the Itron handheld data collection system;
  - reduction of expenses related to revenue protection;
  - improvement of complaint call handling; and

- reduction of volume of customer calls related to metering.

Savings which currently have been realized and represent a reduction to the aggregate AMI regulatory asset balance include the reduction of manual meter reading costs, the reduction of off-cycle meter reading labor costs and the elimination of costs of the Itron handheld data collection system. The cumulative balance of these savings realized to date is currently $1.6 million which presents an offset to AMI regulatory balances.

In summary, the net balance of all of the above-mentioned regulatory assets is $39.0 million as of October 2011.

25. Q: <u>Please describe the milestones related to the phase-in recovery of the AMI regulatory asset balances.</u>

A: The Company proposes to include in the phase-in recovery of AMI regulatory assets related to the following sets of milestones:.

<u>Milestones Expected to be Completed by or before December 2012</u>

- Implement functionality on a technical basis to remotely connect and disconnect customers
- Launch enrollment for Phase 1 of the Company's Dynamic Pricing program relating to the residential customers who were participants in the Field Acceptance Testing done during AMI deployment

<u>Milestones Expected to be Completed by or before December 2013</u>

- Launch enrollment for Phase 2 of the Company's Dynamic Pricing program relating to the entire residential customer base and some of the commercial customer base.

- Launch enrollment for the Company's Energy Wise Rewards Direct Load Control program..

26. Q: <u>Please describe the proposed ratemaking process in terms of the achievement of AMI-related milestones and the subsequent phase-in recovery of AMI regulatory assets.</u>

A: Upon successful completion of the initial set of milestones (expected to be completed by or before December 2012), the Company will file with the Commission to establish in rates 50% recovery of the aggregate regulatory asset balances at the time if all of the expected milestones are achieved. Recovery will be limited to 25% if only one of the milestones is accomplished by the time of the filing. In that event, the Company would be able to file for recovery (upon completion of the remaining milestone) of the remaining 25%. The costs will be amortized over a 15-year life (similar to the amortization period authorized for AMI deferred costs in Docket No. 09-414) with the unamortized balance provided rate base treatment.

Upon Commission approval, the revenue requirement related to these costs will be included in base rates without the necessity of being included as part of a future base rate case proceeding. The aggregate regulatory asset balances will continue to change over the coming months as items such as deferred O&M, incremental depreciation expense and AMI returns will continue to increase the balance while O&M benefits will continue to reduce the balance. For illustrative purposes using the current October 2011 AMI regulatory asset aggregate balance of $39.0 million, 50% recovery of that balance would represent a $2.8 million revenue requirement assuming a 15 year amortization period with rate base treatment of the unamortized balance.

Upon successful completion of the second set of milestones (expected to be completed by or before December 2013), the Company will file with the Commission to establish in the remaining regulatory asset balances at the time. Similar to the mechanism described previously, recovery will be limited to 50% if only one of the milestones is accomplished by the time of the filing. In the event that one of the milestones is not met by December 2013, the Company would be able to file for recovery of the remaining AMI regulatory asset costs upon completion of the final milestone. Using the same illustrative example detailed previously, achievement of this second set of milestones would result in a $2.8 million revenue requirement.

27. Q: <u>Please summarize the proposed ratemaking related to AMI cost recovery.</u>

A: There are three phases of AMI cost recovery:

- Costs included in this base rate case filing for plant in service items such as AMI meters, communication equipment and related software and hardware. These assets are already serving customers for typical metering purposes as well as enhanced functionality, as evidenced during Hurricane Irene. Offsetting the impact of this $2.3 million increase to the revenue requirement related to incremental AMI-related rate base is the AMI benefit of lower meter reading expense, which is also reflected in the test period cost of service as a $2.3 million decrease to the revenue requirement. In summary, the incremental plant in service and reduced meter reading expenses offset each other from a revenue requirement perspective.

- 50% recovery of AMI-related regulatory asset aggregate balances upon completion of milestones related to (a) implementation of remote connect and disconnect functionality and (b) launch of Phase 1 of the Dynamic Pricing program. These milestones are expected to be achieved by or before December 2012. For illustrative purposes using October 2011 balances, the associated revenue requirement would be $2.8 million. This increase would be included in base rates upon Commission approval.
- Recovery of the remaining AMI-related regulatory asset aggregate balances upon completion of milestones related to (a) launch of Phase 2 of the Dynamic Pricing program and (b) launch of the Energy Wise Rewards Direct Load Control program. These milestones are expected to be achieved by or before December 2013. For illustrative purposes using October 2011 balances, this revenue requirement would be $2.8 million which would be included in base rates. This increase would be included in base rates upon Commission approval.

In summary, this AMI ratemaking proposal provides for a synchronization of cost recovery to the successful completion of definable events. Specifically, there is a phased-in process by which the Company is required to achieve certain milestones related to remote connection and disconnection functionality as well as the start of Dynamic Pricing and the Energy Wise Rewards Direct Load Control program. This ratemaking proposal provides an approach which matches cost recovery with the achievement of milestones related to the specific benefits that customers will realize from the associated assets.

28. Q: <u>Does this conclude your testimony?</u>

A: Yes, it does.

Schedule JCZ-1
Adjustment 4

Delmarva Power & Light Company
Delaware Distribution
Normalization of Injuries & Damages Expense
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(3) Detail	
1	System Electric Injuries & Damages Expense		
2	(3 Year Average)	$1,265,983	(1)
3			
4	System Electric Injuries & Damages Expense		
5	Included in Test Period:	$80,179	
6			
7	Adjustment to Per Books		
8	Injuries & Damages Expense	$1,185,804	
9			
10	Delaware Distribution Allocation	52.67%	
11			
12	Delaware Distribution O&M Expense	$624,510	
13			
14	SIT	($54,332)	
15	FIT	($199,562)	
16			
17	Net Expense	$370,616	
18			
19	Earnings	($370,616)	

(1) System Electric

12 m/e 12/31/09	$1,221,004
12 m/e 12/31/10	$2,496,765
6+6 m/e 12/31/11	$80,179
Average	$1,265,983

Delmarva Power & Light Company
Delaware Distribution
Proform Benefits Expense
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(3) Delmarva	(4) 6+6 m/e December 2011 Service Company	(5) Total	(6) Delmarva	(7) Proforma Service Company	(8) Total	(9) Adjustment
1	Medical	$8,545,478	$4,559,204	$13,104,682	$9,570,935	$5,106,308	$14,677,244	
2	Dental	$815,336	$435,072	$1,250,408	$876,486	$467,702	$1,344,189	
3	Vision	$327,058	$174,410	$501,468	$351,587	$187,491	$539,078	
4								
5	Total	$9,687,872	$5,168,686	$14,856,558	$10,799,009	$5,761,502	$16,560,511	
6								
7	DPL Electric Ratio	100%	81.0%		100%	81.0%		
8								
9	DPL Electric Amount	$ 9,687,872	$ 4,186,636	$ 13,874,508	$ 10,799,009	$ 4,666,816	$ 15,465,825	
10								
11	Expense Ratio	44.98%	86.77%		44.98%	86.77%		
12								
13	O&M Amount	$4,357,208	$3,632,827	$7,990,035	$4,856,951	$4,049,490	$8,906,441	
14								
15	Distribution Ratio			89.36%			89.36%	
16								
17	System Distribution Amount			$7,139,632			$7,958,502	
18								
19	DE Distribution Factor			58.94%			58.94%	
20								
21	DE Distribution Benefit			$4,207,999			$4,690,630	
22								
23	Change in DE Distribution Benefit							$482,631
24								
25	State Income Tax							($41,989)
26	Federal Income Tax							($154,225)
27								
28	Expense							$286,417
29								
30	Impact on Earnings							($286,417)

Lake Consulting, Inc.
7200 Bradley Boulevard
Bethesda, MD 20817
301-365-1964

August 16, 2011

Eileen M Kennedy
Accounting Program Manager
PEPCO Holdings, Inc.
PO Box 9239
Newark, DE 19714

Dear Eileen:

Here are the results of our medical trend survey for the third quarter of 2011. This represents the projected trends in use for the third quarter of 2011. Six companies in the region participated, and we thank all of them. We present the company by company results, the mean, the median, and the range of rates in each category of plan.

- For this quarter, three of the seven categories showed a change from the mean average projected second quarter 2011 trends. POS and CDHP each showed an increase of 0.1%. Pharmacy showed a decrease of .2%. HMO, PPO, Indemnity and Dental showed no change.
- When compared to last quarter, four companies showed no change in their projected trends, and two companies had at two or more changes. One company decreased PPO 0.2%, and decreased Pharmacy 0.7%. Another company increased both HMO and POS by 0.2%, and increased both PPO and CDHP by 0.2%. This company decreased Indemnity 0.2%, decreased Pharmacy 0.3%, and left Dental the same as it was in second quarter.
- The HMO third quarter 2011 mean average trend shows no change in the trend from second quarter 2011. One company did raise this trend slightly, but not enough to impact the average trend when rounded to the nearest 0.1%.
- The POS third quarter 2011 mean average trend shows a 0.1% increase from this trend for second quarter 2011 as the result of one company increasing this trend 0.2%.
- The PPO third quarter 2011 mean average trend shows no change from this trend for second quarter 2011 as he result of an offsetting increase and decrease from two companies.
- The Indemnity third quarter 2011 mean average trend shows no change from this trend for second quarter 2011. One company did lower this trend slightly, but not enough to impact the average trend when rounded to the nearest 0.1%.
- The five companies with Dental did not change this trend from what is it was for second quarter 2011.
- The Pharmacy third quarter 2011 mean average trend shows a 0.2% decrease from this trend for second quarter as a result of one company decreasing this trend 0.7%, and another company decreasing it 0.3%.

- The Consumer Driven Health Plan third quarter 2011 mean average trend shows a 0.1% increase from this trend for second quarter 2011. One company increased this trend 0.2%.
- In the third quarter 2011 trend survey, we had one report of CDHP Pharmacy trend being 1.0% larger than the trend for CDHP base plans. All other companies reported Pharmacy trend the same as the base plan

This quarter, the mean average projected HMO and POS trends are the lowest medical trends; HMO is at 9.2% with trends ranging from 5.5% to 12.5%, and POS is 9.4% ranging from 6.5% to 12.5%. The current CDHP trend is the next lowest at 10.0% with trends ranging from 6.7% to 12.5%. The PPO trend is the next lowest at 10.6% with trends ranging from 8.7% to 12.5%. Current Indemnity trends are still the highest of the medical trends at 13.1%, with a range of 10.9% to 16.5%. Dental trends are lower than medical, 7.1% mean average, with a range from 5.4% to 9.0%. Pharmacy trends, at 9.6% mean average, have a range from 6.0% to 12.5%.

We also asked you for projected 2012 trends. Three companies showed some trends that are different from their projected third quarter 2011 trends, and three companies showed all 2012 trends as the same.

- Two companies increased their projected HMO trend for 2012, one by 1.2% and another by 1.8%. This resulted in an increase of 0.5% to the mean average projected HMO trend for 2011 when compared to third quarter 2011.
- Two companies increased their projected POS trends for 2012, one by 1.0% and another by 1.8%. This resulted in an increase of 0.4% to the mean average projected POS trend for 2012 when compared to third quarter 2011.
- One company increased their projected PPO trend for 2012 by 1.1%, and this resulted in a 0.2% increase to the mean average projected PPO trend for 2012 when compared to third quarter 2011.
- One company reported an Indemnity trend for 2012 that is 0.9% lower than what was reported for third quarter 2010. This resulted in a decrease of 0.2% to the mean average projected Indemnity trend for 2012 when compared to third quarter 2011.
- One company made a 0.2% increase to their projected Dental trend for 2011, and one company made a 0.5% increase. This resulted in a 0.1% increase to the mean average projected Dental trend for 2012 when compared to third quarter 2011.
- One company made a decrease of 0.7% to their projected Pharmacy trend for 2011, and another company made an increase of 1.3%. This resulted in a increase of 0.1% to the mean average projected Pharmacy trend for 2012 when compared to third quarter 2011.
- One company increased their projected CDHP trend for 2012 by 1.1%. This resulted in a 0.2% increase to the mean average projected CDHP trend for 2012 when compared to third quarter 2011.
- One company reported their projected 2012 CDHP Pharmacy trend as 0.8% less than their projected 2012 trend for the CDHP base plan.

We also want to show you these trends over time, so we have summarized by type of medical plan the trends since we began this survey. You will be able to see at a glance how your plan has compared with other plans. During the fifty-one quarters we have collected data for all but CDHP (of which sixteen are displayed), we see the following changes:

- The mean average of HMO trends has increased from 5.3% to 9.2%.
- The mean average of POS trends has increased from 6.6% to 9.4%.
- The mean average of PPO trends has increased from 9.3% to 10.6%.
- The mean average of Indemnity trend is still at its lowest (13.1%) since 1999.
- The mean average of Pharmacy trend has dropped to its lowest of 9.6%. While there were substantial trend increases during the early years of our survey, the Pharmacy trend has come back below our original survey trend levels with many quarterly decreases since then.
- The mean average trend for CDHP is up slightly to 10.0% from its lowest of 9.9%.

We hope you will find these results both interesting and of value. We will send another survey soon, asking for fourth quarter 2011. Again, we thank you for your interest.

Sincerely,

Gary D. Lake, FSA

Jon R. Jennings

Gary D. Lake, FSA
Consulting Actuary

Jon R. Jennings
Consultant

Enclosures

Participating Companies

Aetna/USHealthCare

CareFirst of Maryland

CareFirst of Washington, DC

CIGNA HealthCare, Mid Atlantic

Kaiser Foundation of the Mid-Atlantic States

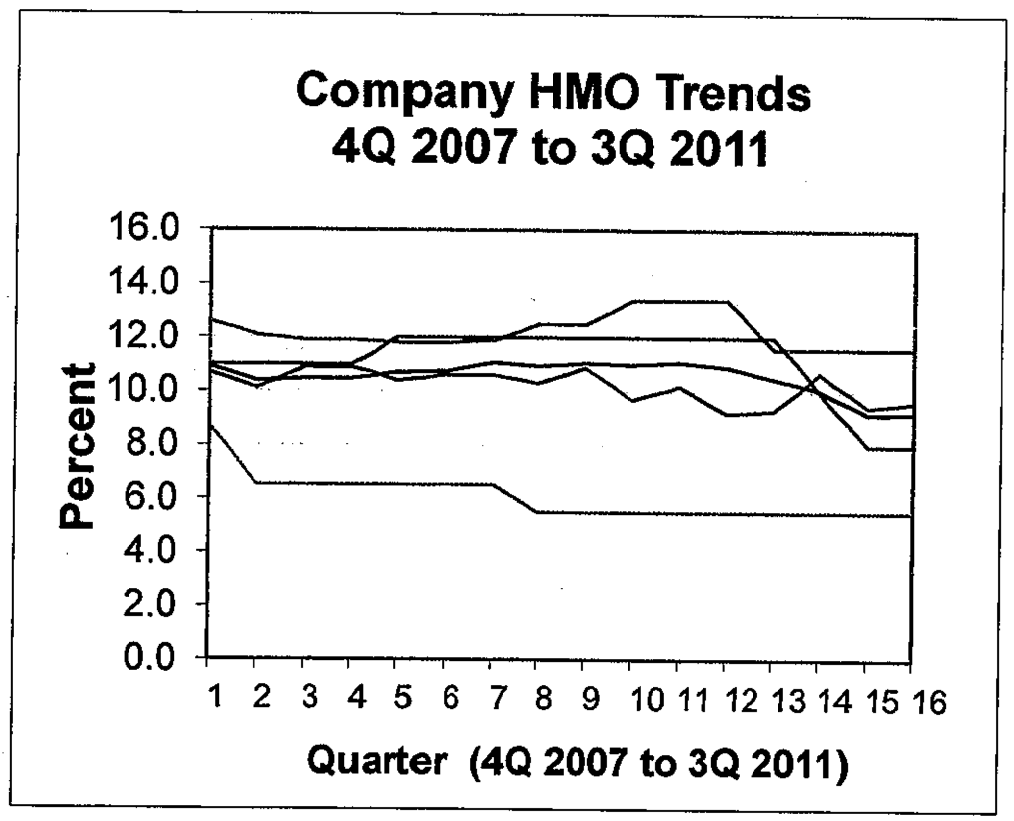
UnitedHealth Group

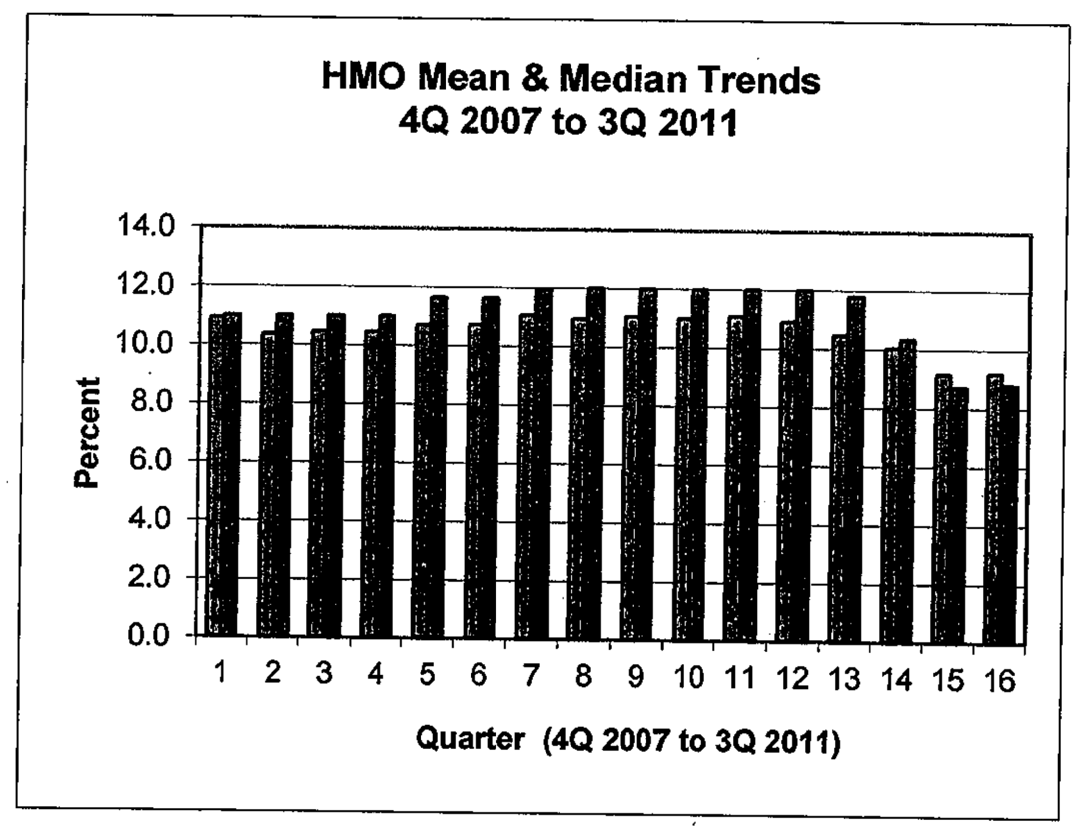
LAKE CONSULTING, INC.
QUARTERLY MEDICAL TREND SURVEY

VA, MD, DC Area

HMO Summary for 4Q 2007 to 3Q 2011

	Co. C	[redacted]	Low	High
4 Q 2007	11.5	[redacted]	8.7	12.6
1 Q 2008	11.5		6.5	12.1
2 Q 2008	11.5		6.5	11.9
3 Q 2008	11.5		6.5	11.9
4 Q 2008	11.5		6.5	12.0
1 Q 2009	11.5		6.5	12.0
2 Q 2009	13.4		6.5	13.4
3 Q 2009	13.4		5.5	13.4
4 Q 2009	13.4		5.5	13.4
1 Q 2010	13.4		5.5	13.4
2 Q 2010	13.4		5.5	13.4
3 Q 2010	13.4		5.5	13.4
4 Q 2010	12.5		5.5	12.5
1 Q 2011	12.5		5.5	12.5
2 Q 2011	12.5		5.5	12.5
3 Q 2011	12.5		5.5	12.5



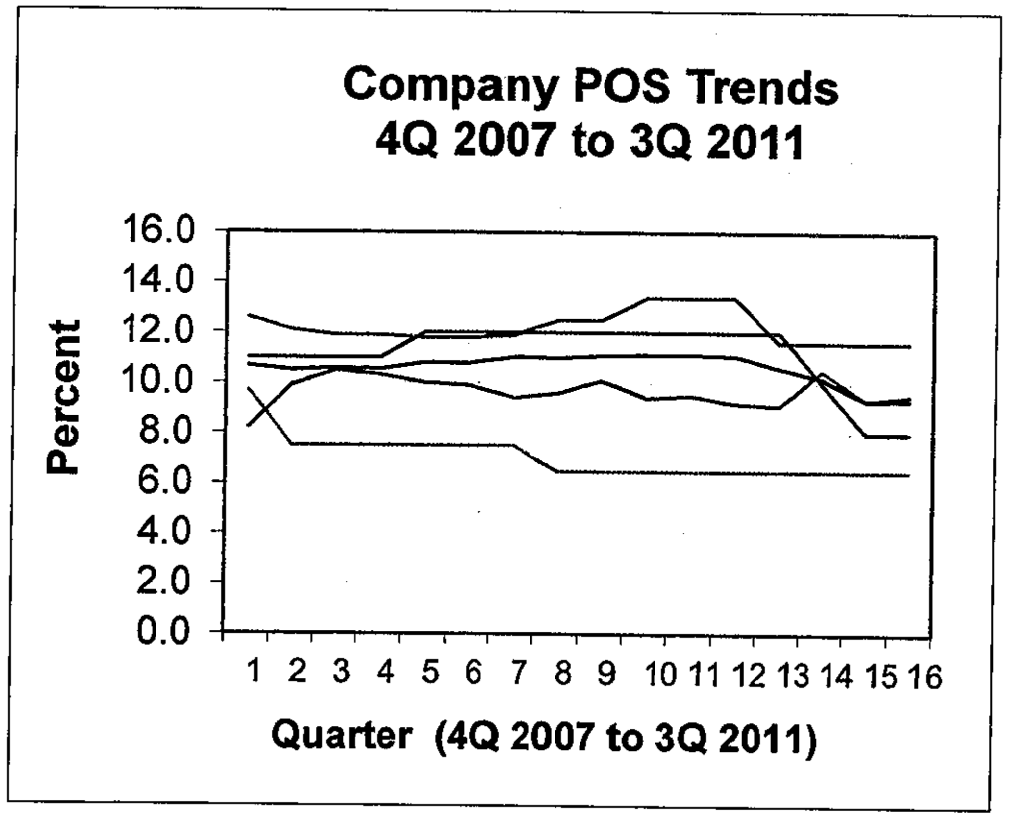


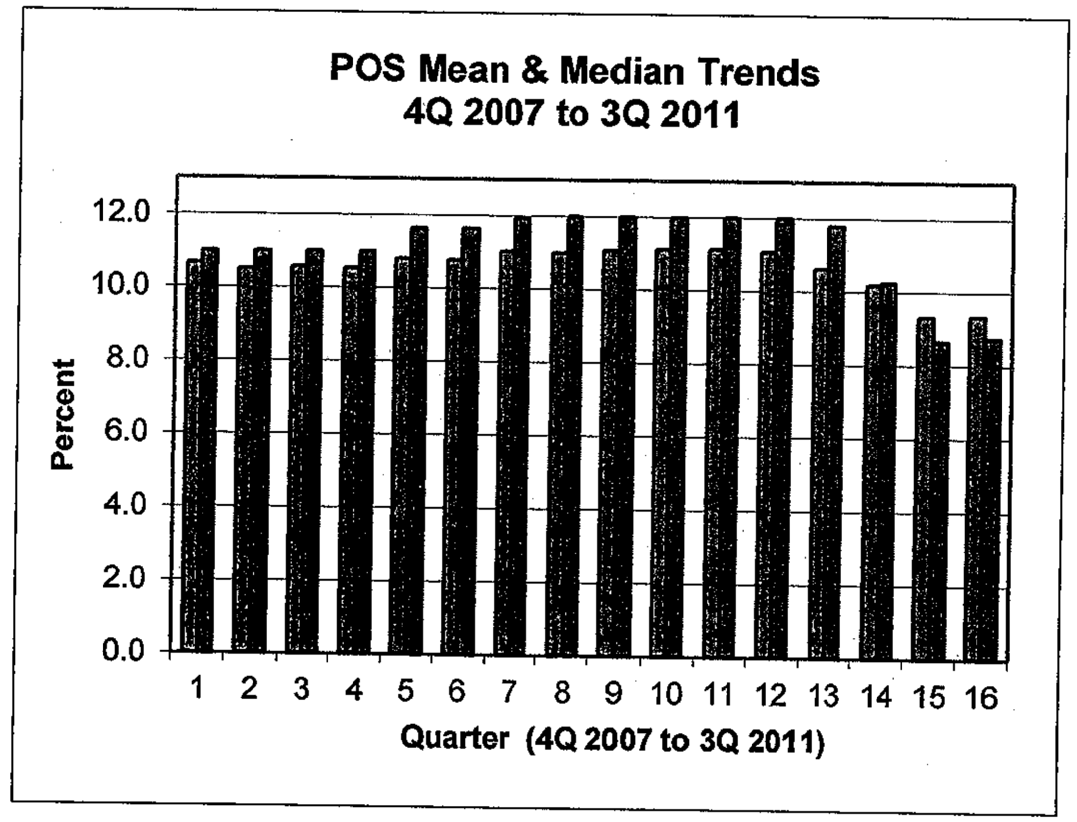
LAKE CONSULTING, INC.
QUARTERLY MEDICAL TREND SURVEY

VA, MD, DC Area

POS Summary for 4Q 2007 to 3Q 2011

	Co. C	[redacted]	Low	High
4 Q 2007	11.5	[redacted]	8.2	12.6
1 Q 2008	11.5	[redacted]	7.5	12.1
2 Q 2008	11.5	[redacted]	7.5	11.9
3 Q 2008	11.5	[redacted]	7.5	11.9
4 Q 2008	11.5	[redacted]	7.5	12.0
1 Q 2009	11.5	[redacted]	7.5	12.0
2 Q 2009	13.4	[redacted]	7.5	13.4
3 Q 2009	13.4	[redacted]	6.5	13.4
4 Q 2009	13.4	[redacted]	6.5	13.4
1 Q 2010	13.4	[redacted]	6.5	13.4
2 Q 2010	13.4	[redacted]	6.5	13.4
3 Q 2010	13.4	[redacted]	6.5	13.4
4 Q 2010	12.5	[redacted]	6.5	12.5
1 Q 2011	12.5	[redacted]	6.5	12.5
2 Q 2011	12.5	[redacted]	6.5	12.5
3 Q 2011	12.5	[redacted]	6.5	12.5





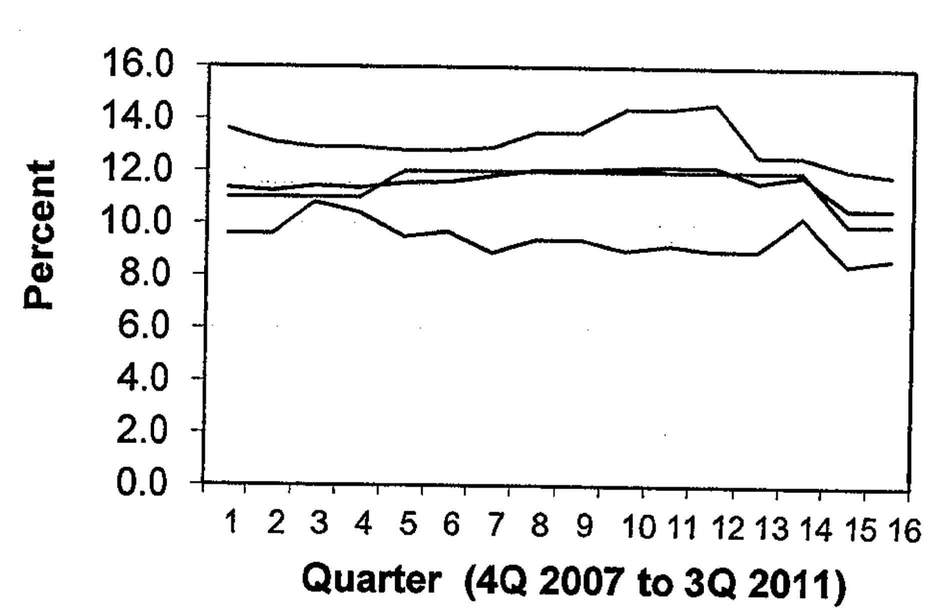
LAKE CONSULTING, INC.
QUARTERLY MEDICAL TREND SURVEY

VA, MD, DC Area

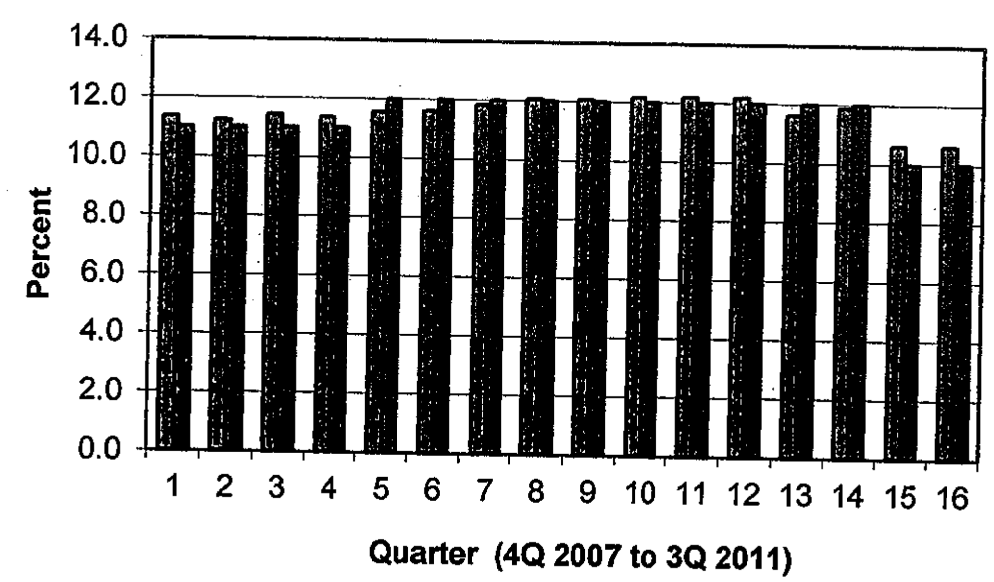
PPO Summary for 4Q 2007 to 3Q 2011

	Co. C	[redacted]	Low	High
4 Q 2007	11.5		9.6	13.6
1 Q 2008	11.5		9.6	13.1
2 Q 2008	11.5		10.8	12.9
3 Q 2008	11.5		10.4	12.9
4 Q 2008	11.5		9.5	12.8
1 Q 2009	11.5		9.7	12.8
2 Q 2009	13.4		8.9	13.4
3 Q 2009	13.4		9.4	13.5
4 Q 2009	13.4		9.4	13.5
1 Q 2010	13.4		9.0	14.4
2 Q 2010	13.4		9.2	14.4
3 Q 2010	13.4		9.0	14.6
4 Q 2010	12.5		9.0	12.6
1 Q 2011	12.5		10.3	12.6
2 Q 2011	12.5		8.5	12.5
3 Q 2011	12.5		8.7	12.5

Company PPO Trends
4Q 2007 to 3Q 2011



PPO Mean & Median Trends
4Q 2007 to 3Q 2011

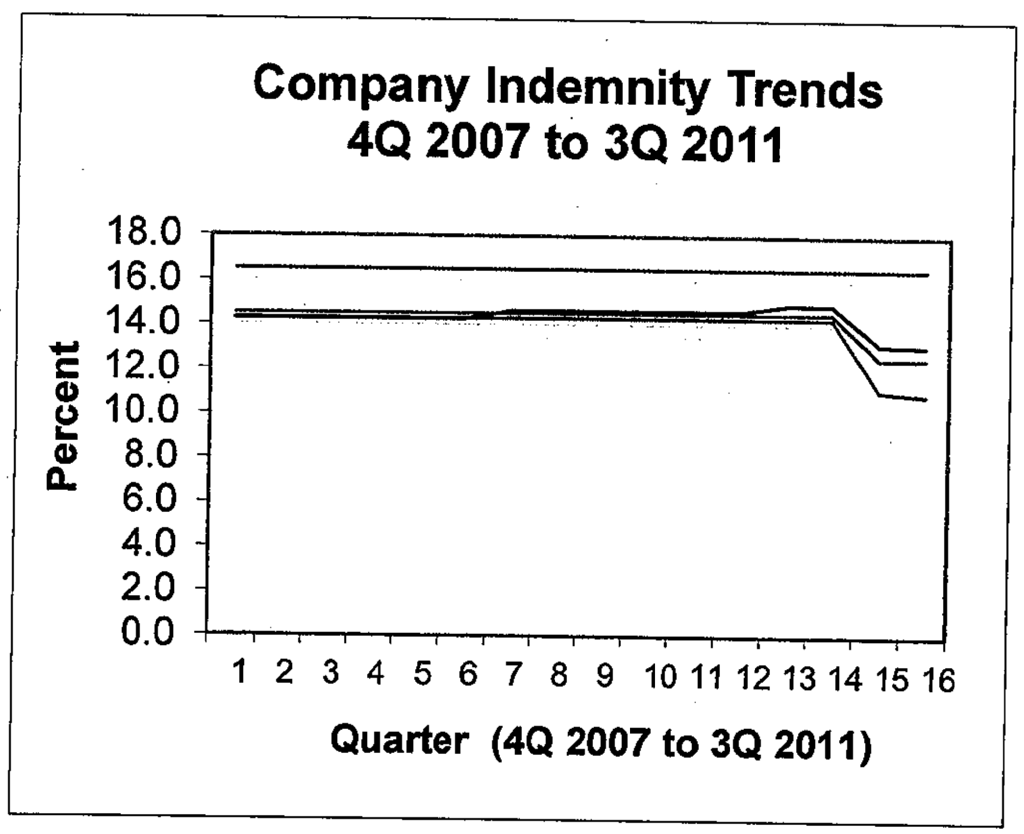


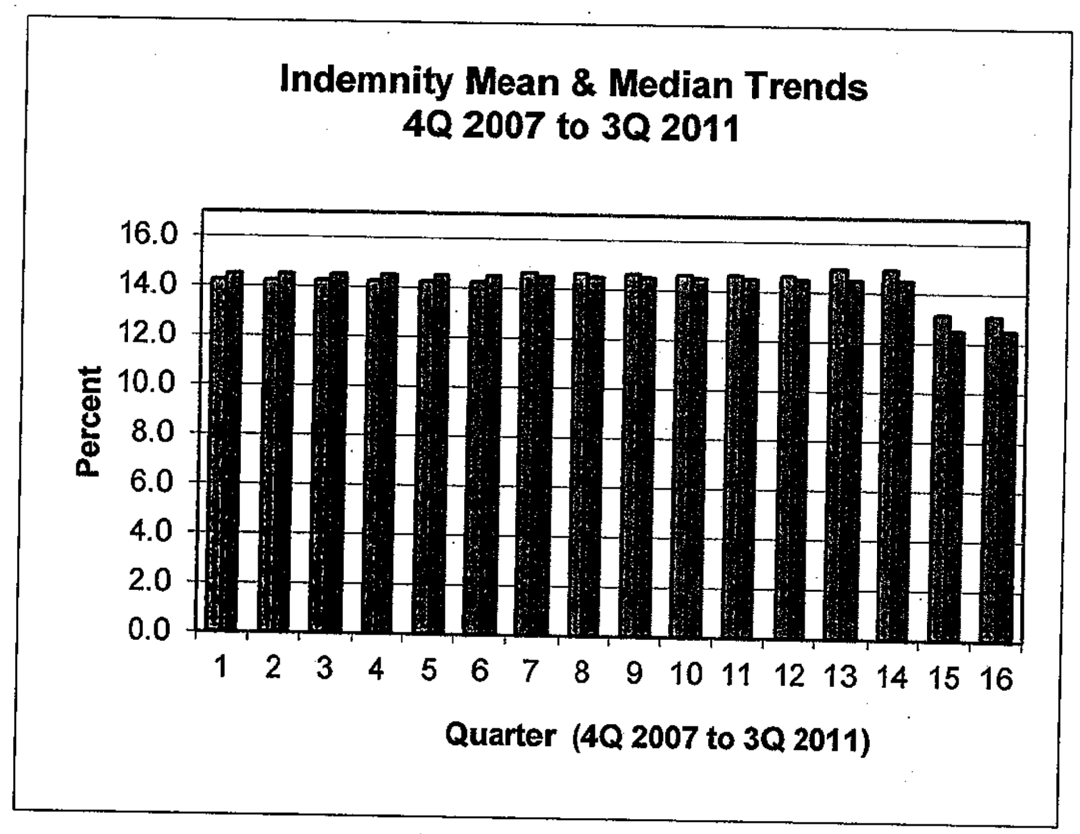
LAKE CONSULTING, INC.
QUARTERLY MEDICAL TREND SURVEY

VA, MD, DC Area

Indemnity Summary for 4Q 2007 to 3Q 2011

	Co. C	[redacted]	Low	High
4 Q 2007	11.5	[redacted]	11.5	16.5
1 Q 2008	11.5	[redacted]	11.5	16.5
2 Q 2008	11.5	[redacted]	11.5	16.5
3 Q 2008	11.5	[redacted]	11.5	16.5
4 Q 2008	11.5	[redacted]	11.5	16.5
1 Q 2009	11.5	[redacted]	11.5	16.5
2 Q 2009	13.4	[redacted]	13.4	16.5
3 Q 2009	13.4	[redacted]	13.4	16.5
4 Q 2009	13.4	[redacted]	13.4	16.5
1 Q 2010	13.4	[redacted]	13.4	16.5
2 Q 2010	13.4	[redacted]	13.4	16.5
3 Q 2010	13.4	[redacted]	13.4	16.5
4 Q 2010		[redacted]	14.3	16.5
1 Q 2011		[redacted]	14.3	16.5
2 Q 2011		[redacted]	11.1	16.5
3 Q 2011		[redacted]	10.9	16.5



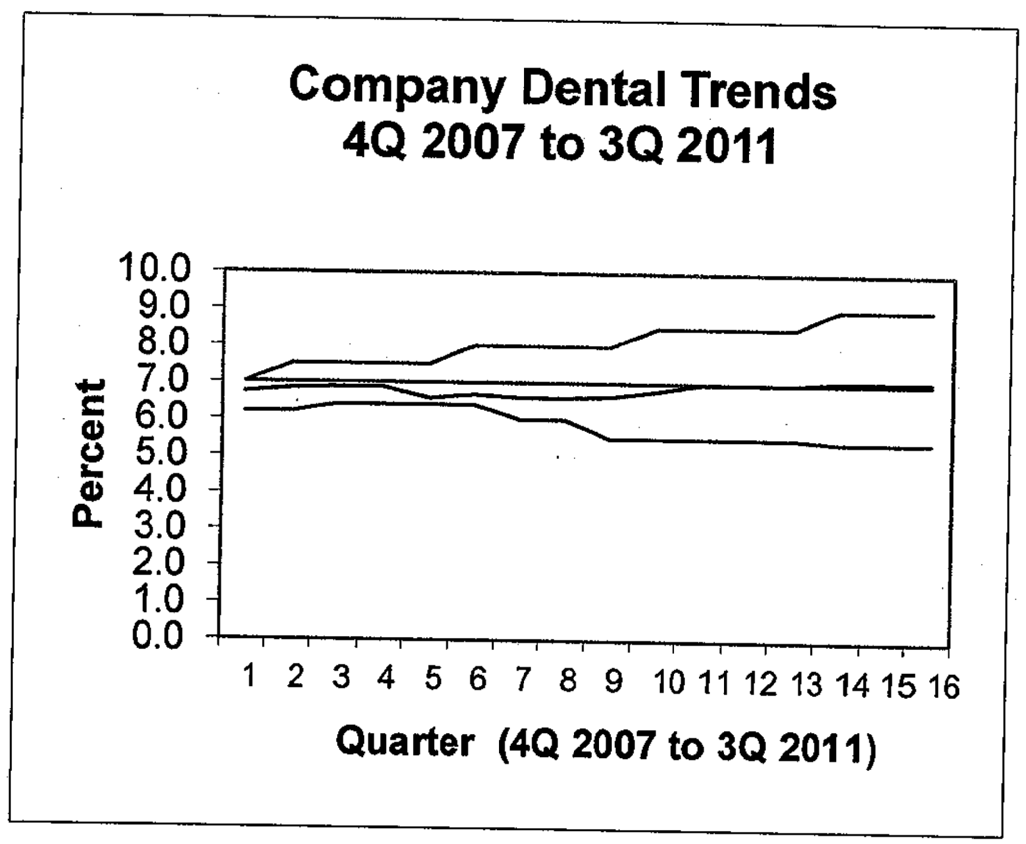


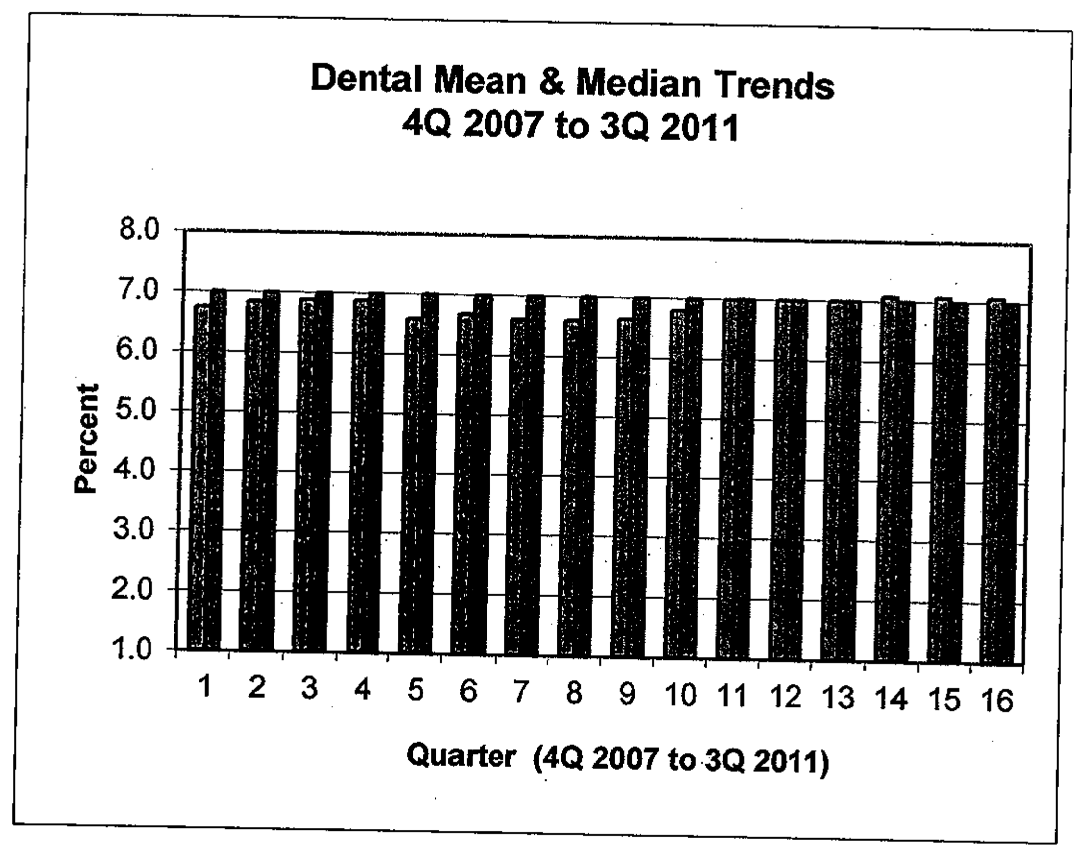
LAKE CONSULTING, INC.
QUARTERLY MEDICAL TREND SURVEY

VA, MD, DC Area

Dental Summary for 4Q 2007 to 3Q 2011

	Co. C	[redacted]	Low	High
4 Q 2007	6.5	[redacted]	6.2	7.0
1 Q 2008	6.5	[redacted]	6.2	7.5
2 Q 2008	6.5	[redacted]	6.4	7.5
3 Q 2008	6.5	[redacted]	6.4	7.5
4 Q 2008	5.0	[redacted]	5.0	7.5
1 Q 2009	5.0	[redacted]	5.0	8.0
2 Q 2009	5.0	[redacted]	5.0	8.0
3 Q 2009	5.0	[redacted]	5.0	8.0
4 Q 2009	5.7	[redacted]	5.5	8.0
1 Q 2010	6.0	[redacted]	5.5	8.5
2 Q 2010	7.0	[redacted]	5.5	8.5
3 Q 2010	7.0	[redacted]	5.5	8.5
4 Q 2010	7.0	[redacted]	5.5	8.5
1 Q 2011	7.0	[redacted]	5.4	9.0
2 Q 2011	7.0	[redacted]	5.4	9.0
3 Q 2011	7.0	[redacted]	5.4	9.0



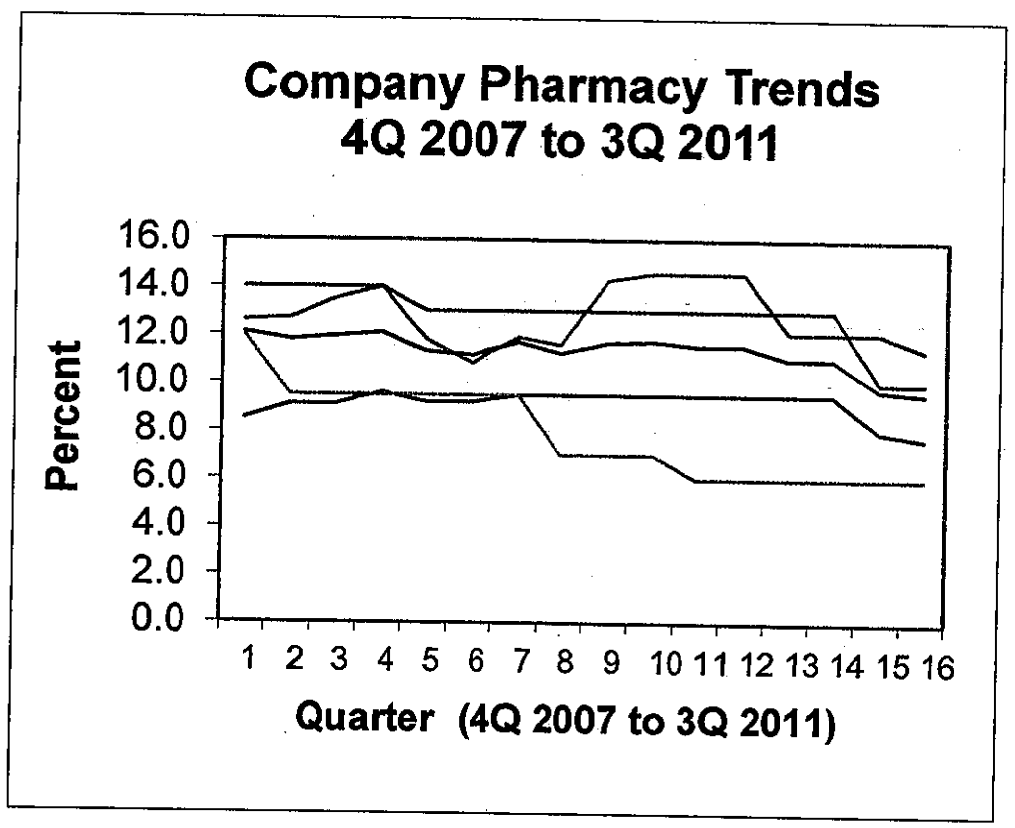


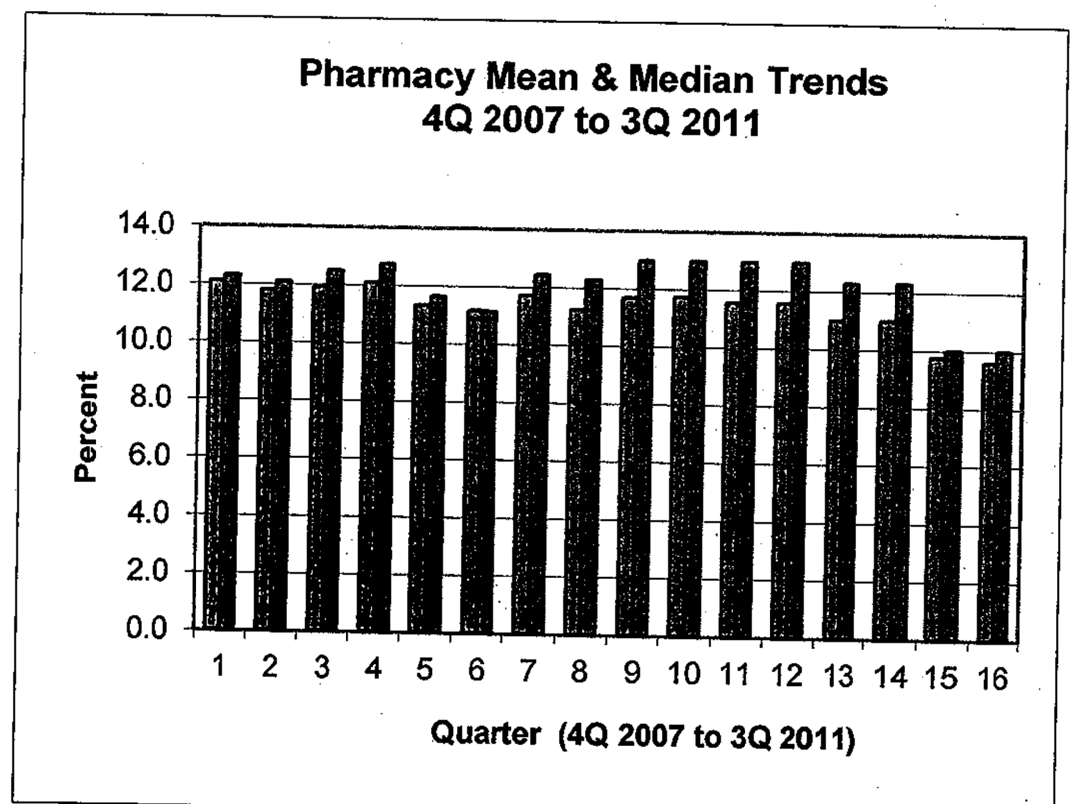
LAKE CONSULTING, INC.
QUARTERLY MEDICAL TREND SURVEY

VA, MD, DC Area

Pharmacy Summary for 4Q 2007 to 3Q 2011

	Co. C	[redacted]	Low	High
4 Q 2007	11.5	[redacted]	8.5	14.0
1 Q 2008	11.5		9.1	14.0
2 Q 2008	11.5		9.1	14.0
3 Q 2008	11.5		9.5	14.0
4 Q 2008	11.5		9.2	13.0
1 Q 2009	11.5		9.2	13.0
2 Q 2009	13.4		9.5	13.4
3 Q 2009	13.4		7.0	13.4
4 Q 2009	13.4		7.0	14.3
1 Q 2010	13.4		7.0	14.6
2 Q 2010	13.4		6.0	14.6
3 Q 2010	13.4		6.0	14.6
4 Q 2010	12.5		6.0	13.0
1 Q 2011	12.5		6.0	13.0
2 Q 2011	12.5		6.0	12.5
3 Q 2011	12.5		6.0	12.5



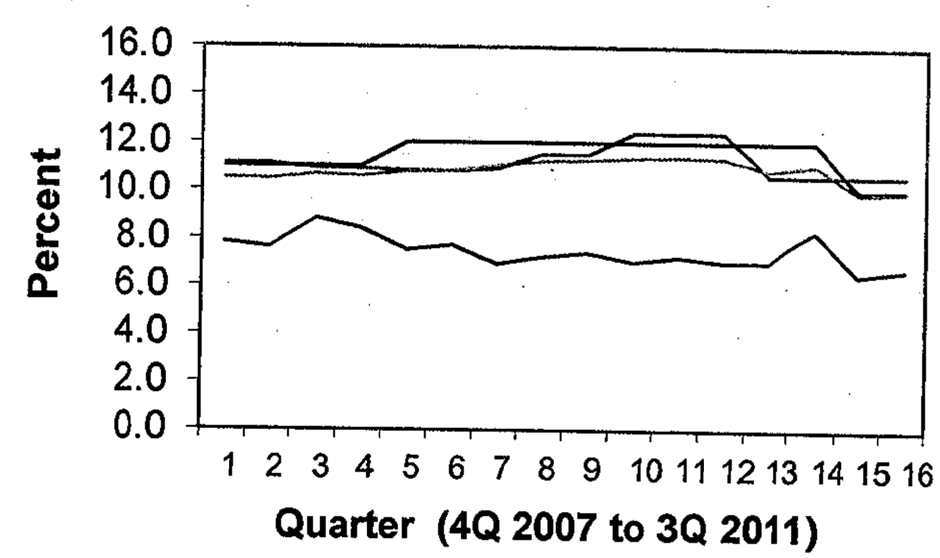


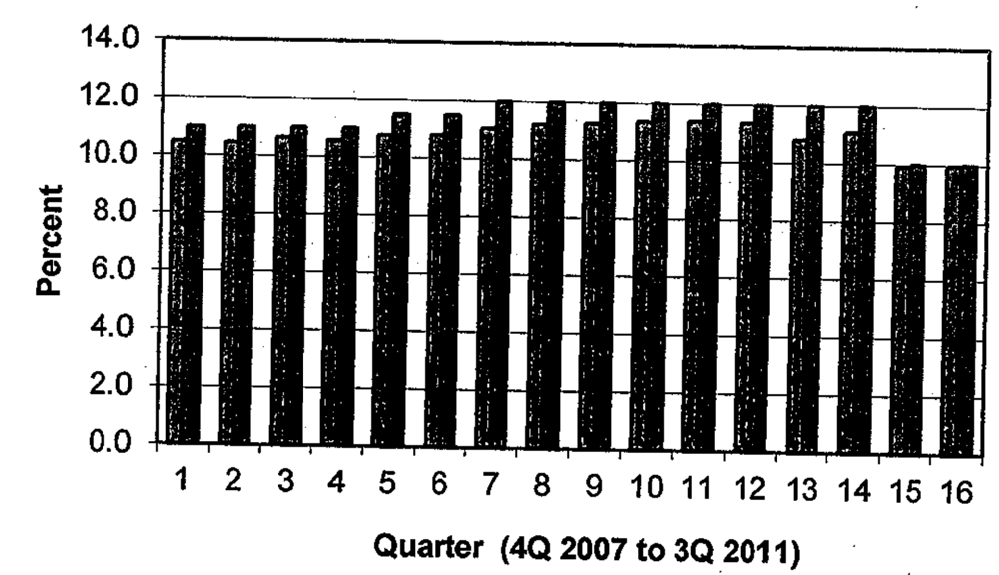
LAKE CONSULTING, INC.
QUARTERLY MEDICAL TREND SURVEY

VA, MD, DC Area

CDHP Summary for 4Q 2007 to 3Q 2011

	Co. C	[redacted]	Low	High
4 Q 2007	11.5	[redacted]	7.8	11.5
1 Q 2008	11.5		7.6	11.5
2 Q 2008	11.5		8.8	11.5
3 Q 2008	11.5		8.4	11.5
4 Q 2008	11.5		7.5	12.0
1 Q 2009	11.5		7.7	12.0
2 Q 2009	13.4		6.9	13.4
3 Q 2009	13.4		7.2	13.4
4 Q 2009	13.4		7.4	13.4
1 Q 2010	13.4		7.0	13.4
2 Q 2010	13.4		7.2	13.4
3 Q 2010	13.4		7.0	13.4
4 Q 2010	12.5		7.0	12.5
1 Q 2011	12.5		8.3	12.5
2 Q 2011	12.5		6.5	12.5
3 Q 2011	12.5		6.7	12.5





Schedule JCZ-3
Adjustment 9

Delmarva Power & Light Company
Delaware Distribution
OPEB Expense Adjustment
6+6 Months Ending December 2011

(1) Line No.		(2) Item	(3) Total Delmarva			
1		**Delmarva Power**				
2		OPEB Expense - 6+6 M/E December 2011	$5,677,051	(1)		
3						
4		OPEB Expense 2011 Actuary measurement	$5,614,587	(2)		
5						
6		Difference			($62,463)	
7						
8		Distribution Expense Ratio			89.36%	
9						
10		Distribution Expense			($55,815)	
11						
12		DE Distribution Allocation Factor			58.94%	
13						
14		DE Distribution O&M Allocated Amount			($32,897)	
15						
16		State Income Tax			$2,862	
17		Federal Income Tax			$10,512	
18		Expense Adjustment			($19,523)	
19						
20		Earnings			$19,523	
21						
22		***Reference:***				
23	(1)	DPL OPEB Costs 6+6 M/E December 2011	$6,927,774			
24		DPL Electric Expense Ratio	44.98%			
25		DPL Electric OPEB Expense		$	3,115,829	
26						
27		Service Company OPEB Cost 6+6 M/E December 2011	$12,092,891			
28		Service Company Expense Allocator	86.77%			
29		Service Company OPEB Expense	$10,493,243			
30						
31		Service Company System Allocator to DPL	30.13%			
32		Service Company OPEB Expense Allocated to DPL	$3,162,002			
33						
34		Electric Allocation Factor	81.00%			
35		Service Company OPEB Expense - Electric			2,561,222	
36						
37		Total Electric OPEB Expense 6+6 M/E December 2011			5,677,051	(1)
38						
39						
40	(2)	DPL OPEB Costs Per Actuary 2011	$6,163,699			
41		DPL Electric Expense Ratio	44.98%			
42		DPL Electric OPEB Expense		$	2,772,179	
43						
44		Service Company OPEB Costs Per Actuary 2011	$13,420,521			
45		Service Company OPEB Expense Allocator	86.77%			
46		Service Company OPEB Expense	$11,645,254			
47						
48		DPL System Allocator	30.13%			
49		Service Company OPEB Expense Allocated to DPL	$3,509,146			
50						
51		Electric Allocation Factor	81.00%			
52		Service Company OPEB Expense - Electric			$2,842,408	
53						
54		Total Electric OPEB Expense - 2011 Actuary			$5,614,587	(2)

Schedule JCZ-4
Adjustment 10

Delmarva Power & Light Company
Delaware Distribution
Pension Expense Adjustment
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(3) Total Delmarva
1	**Delmarva Power**	
2	Pension Expense - 2010	$12,054,373
3	Pension Expense - 2011 Actuary	$11,548,511
4	Average Pension Expense 2010 and 2011	$11,801,442
5		
6	Pension Expense - 6+6 months ending December 2011	$11,989,501
7		
8	Pension Expense Adjustment	($188,059)
9		
10	Distribution Expense Ratio	89.36%
11		
12	Distribution Expense	($168,043)
13		
14	DE Distribution Allocation Factor	58.94%
15		
16	DE Distribution O&M Allocated Amount	($99,042)
17		
18	State Income Tax	$8,617
19	Federal Income Tax	$31,649
20	Expense Adjustment	($58,777)
21		
22	Earnings	$58,777

Schedule JCZ-5
Adjustment 15

Delmarva Power & Light Company
Delaware Distribution
Reflect IRP Related Recurring Costs
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(3) System Electric	(4) DE D Alloc Factor	(5) DE Distribution	
1	**Earnings**				
2	Annual Expense	$1,255,340	100%	$1,255,340	(1)
3	Amount in Test Period			$40,573	
4	Adjustment			$1,214,767	
5					
6	State Income Tax			($105,685)	
7	Federal Income Tax			($388,179)	
8	Total Expenses			$720,903	
9					
10	Earnings			($720,903)	

(1) Cost Items for 2 Year IRP Cycle

Modeling and Analytical Services	$739,741
Life Cycle Assessment of Power Options	$139,105
External Consultants	$105,545
Outside Legal Expenses	
Renewable RFP-Related	$900,000
Filings/Hearings	$550,000
PSC Consultants	$76,289
Total - 2 Year IRP Cycle	$2,510,680
Annualized Cost	$1,255,340

Schedule JCZ-6
Adjustment 17

Delmarva Power & Light Company
Delaware Distribution
Amortize IRP Related Deferred Costs
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(3) System Electric	(4) DE D Alloc Factor	(5) DE Distribution	
1	**Earnings**				
2	Amortization	$10,194	100%	$10,194	(1)
3					
4	State Income Tax			($887)	
5	Federal Income Tax			($3,258)	
6	Total Expenses			$6,050	
7					
8	Earnings			($6,050)	
9					
10	**Rate Base**				
11	Average Amortizable Balance	$96,847	100%	$96,847	(2)
12					
13	Deferred State Income Tax			($8,426)	
14	Deferred Federal Income Tax			($30,947)	
15	Net Rate Base			$57,474	

(1)	DP&L Delaware	$101,944
	Amortization period - years	10
	Annual amortization amount	$10,194
(2)	DP&L Delaware - beg balance	$101,944
	DP&L Delaware - end balance	$91,750
	DP&L Delaware - avg balance	$96,847

Schedule JCZ-7
Adjustment 18

Delmarva Power & Light Company
Delaware Distribution
Amortize RFP Related Deferred Costs
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(3) System Electric	(4) DE D Alloc Factor	(5) DE Distribution	
1	**Earnings**				
2	Amortization	$4,749	100%	$4,749	(1)
3					
4	State Income Tax			($413)	
5	Federal Income Tax			($1,517)	
6	Total Expenses			$2,818	
7					
8	Earnings			($2,818)	
9					
10	**Rate Base**				
11	Average Amortizable Balance	$45,111	100%	$45,111	(2)
12					
13	Deferred State Income Tax			($3,925)	
14	Deferred Federal Income Tax			($14,415)	
15	Net Rate Base			$26,771	

(1)	DP&L Delaware	$47,485
	Amortization period - years	10
	Annual amortization amount	$4,749
(2)	DP&L Delaware - beg balance	$47,485
	DP&L Delaware - end balance	$42,737
	DP&L Delaware - avg balance	$45,111

Schedule JCZ-8
Adjustment 19

Delmarva Power & Light Company
Delaware Distribution
Increased O&M Associated with New Customer Information System
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(3) System Electric	(4) DE D Alloc Factor	(5) DE Distribution
1	**Earnings**			
2	O&M Expense - Rate Effective Period	$1,428,000	57.83%	$825,745
3	O&M Expense - Test Period	$315,000	57.83%	$182,150
4	Adjustment	$1,113,000		$643,596
5				
6	State Income Tax			($55,993)
7	Federal Income Tax			($205,661)
8	Total Expenses			$381,942
9				
10	Earnings			($381,942)

Schedule JCZ-9
Adjustment 20

Delmarva Power & Light Company
Delaware Distribution
Adjustment to Postage Expense
6+6 Months Ending December 2011

(1) Line No.	(2) Month	(3) Act/Projected	(4) Customer Count	(5) Cost (rate in effect)	(6) Cost projected	(7) Change
1	January 2011	Actual	301,338	$106,214 A)	$115,260 C)	$9,045
2	February 2011	Actual	301,394	$106,234 A)	$115,281 C)	$9,047
3	March 2011	Actual	301,406	$106,238 A)	$115,286 C)	$9,047
4	April 2011	Actual	301,305	$106,203 A)	$115,247 C)	$9,044
5	May 2011	Actual	301,211	$106,170 A)	$115,211 C)	$9,041
6	June 2011	Actual	301,050	$110,631 B)	$115,149 C)	$4,518
7	July 2011	Projected	301,214	$110,691 B)	$115,212 C)	$4,521
8	August 2011	Projected	301,354	$110,743 B)	$115,266 C)	$4,523
9	September 2011	Projected	301,402	$110,761 B)	$115,284 C)	$4,524
10	October 2011	Projected	301,402	$110,761 B)	$115,284 C)	$4,524
11	November 2011	Projected	301,402	$110,761 B)	$115,284 C)	$4,524
12	December 2011	Projected	301,402	$110,761 B)	$115,284 C)	$4,524
13						
14	Total			$1,306,167	$1,383,047	$76,880
15						
16			O&M Expense Change			$76,880
17						
18			SIT			($6,689)
19			FIT			($24,567)
20			Total Expense			$45,624
21						
22			**Earnings**			**($45,624)**

A) Average postage cost - June 2010 **$0.352**
B) Average postage cost - June 2011 **$0.367**
C) Average postage cost - January 2011 **$0.382** estimated-to be updated

Delmarva Power & Light Company
Delaware Distribution
Amortization of Loss/Gain on Refinancings
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(3) First Mortgage Bonds Aug-93	(4) Demand Rate Bonds Nov-93	(5) Tax Exempt Bonds Sep-00	(6) Tax Exempt Bonds Sep-00	(7) Tax Exempt Bonds Sep-00	(8) Tax Exempt Bonds Oct-00
1	Total Company	$702,894	$348,751	$576,741	$1,438,608	$558,772	$235,481
2	Electric Amount Refinanced	$660,720	$327,826	$531,525	$1,325,821	$514,964	$217,019
3	Delaware Electric Distribution %	40.28%	40.28%	40.28%	40.28%	40.28%	40.28%
4	Delaware Electric Distribution	$266,138	$132,048	$214,098	$534,041	$207,428	$87,415
5	Deferred SIT	($23,154)	($11,488)	($18,627)	($46,462)	($18,046)	($7,605)
6	Deferred FIT	($85,044)	($42,196)	($68,415)	($170,653)	($66,283)	($27,934)
7							
8	**Earnings**						
9	Amortization	$11,013	$6,288	$14,273	$27,387	$15,365	$5,142
10	DSIT	($958)	($547)	($1,242)	($2,383)	($1,337)	($447)
11	DFIT	($3,519)	($2,009)	($4,561)	($8,751)	($4,910)	($1,643)
12	Total Expense	$6,535	$3,732	$8,470	$16,253	$9,118	$3,052
13	Earnings	($6,535)	($3,732)	($8,470)	($16,253)	($9,118)	($3,052)
14							
15	**Rate Base**						
16	Amortizable Balance - 12/31/10	$74,335	$24,104	$66,608	$251,045	$48,656	$34,709
17	Amortizable Balance - 12/31/11	$63,323	$17,816	$52,335	$223,658	$33,291	$29,567
18	Average Balance	$68,829	$20,960	$59,472	$237,351	$40,973	$32,138
19							
20	Deferred SIT - 12/31/10	($6,467)	($2,097)	($5,795)	($21,841)	($4,233)	($3,020)
21	Deferred SIT - 12/31/11	($5,509)	($1,550)	($4,553)	($19,458)	($2,896)	($2,572)
22	Average Balance	($5,988)	($1,824)	($5,174)	($20,650)	($3,565)	($2,796)
23							
24	Deferred FIT - 12/31/10	($23,754)	($7,702)	($21,285)	($80,221)	($15,548)	($11,091)
25	Deferred FIT - 12/31/11	($20,235)	($5,693)	($16,724)	($71,470)	($10,638)	($9,448)
26	Average Balance	($21,994)	($6,698)	($19,004)	($75,846)	($13,093)	($10,270)
27							
28	Net Average Balance	$40,846	$12,439	$35,293	$140,856	$24,316	$19,072
29							
30	Amortization begin date (a)	August-93	November-93	September-00	September-00	September-00	October-00
31	Amortization period (months)	290	252	180	234	162	204
32	Amortization as of 12/31/10	209	206	124	124	124	123
33	Amortization as of 12/31/11	221	218	136	136	136	135

(a) rounded to nearest full month

Delmarva Power & Light Company
Delaware Distribution
Amortization of Loss/Gain on Refinancings
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(9) Tax Exempt Bonds Jul-01	(10) Tax Exempt Bonds Jul-01	(11) First Mortgage Bonds Jul-01	(12) Medium Term Notes Jul-01	(13) First Mortgage Bonds Jul-01	(14) Medium Term Notes Jul-01
1	Total Company	$490,000	$690,000	$3,762,881	$3,058,389	$1,634,283	$1,073,753
2	Electric Amount Refinanced	$451,584	$635,904	$3,467,871	$2,818,611	$1,506,155	$989,571
3	Delaware Electric Distribution %	40.28%	40.28%	40.28%	40.28%	40.28%	40.28%
4	Delaware Electric Distribution	$181,898	$256,142	$1,396,858	$1,135,337	$606,679	$398,599
5	Deferred SIT	($15,825)	($22,284)	($121,527)	($98,774)	($52,781)	($34,678)
6	Deferred FIT	($58,126)	($81,850)	($446,366)	($362,797)	($193,864)	($127,372)
7							
8	**Earnings**						
9	Amortization	$9,095	$15,067	$98,025	$58,472	$29,474	$25,579
10	DSIT	($791)	($1,311)	($8,528)	($5,087)	($2,564)	($2,225)
11	DFIT	($2,906)	($4,815)	($31,324)	($18,685)	($9,419)	($8,174)
12	Total Expense	$5,397	$8,942	$58,173	$34,700	$17,492	$15,180
13	Earnings	($5,397)	($8,942)	($58,173)	($34,700)	($17,492)	($15,180)
14							
15	**Rate Base**						
16	Amortizable Balance - 12/31/10	$95,496	$113,004	$465,619	$579,850	$326,673	$155,603
17	Amortizable Balance - 12/31/11	$86,402	$97,937	$367,594	$521,378	$297,199	$130,024
18	Average Balance	$90,949	$105,470	$416,607	$550,614	$311,936	$142,814
19							
20	Deferred SIT - 12/31/10	($8,308)	($9,831)	($40,509)	($50,447)	($28,421)	($13,537)
21	Deferred SIT - 12/31/11	($7,517)	($8,520)	($31,981)	($45,360)	($25,856)	($11,312)
22	Average Balance	($7,913)	($9,176)	($36,245)	($47,903)	($27,138)	($12,425)
23							
24	Deferred FIT - 12/31/10	($30,516)	($36,110)	($148,789)	($185,291)	($104,389)	($49,723)
25	Deferred FIT - 12/31/11	($27,610)	($31,296)	($117,465)	($166,606)	($94,970)	($41,549)
26	Average Balance	($29,063)	($33,703)	($133,127)	($175,949)	($99,679)	($45,636)
27							
28	Net Average Balance	$53,974	$62,591	$247,235	$326,762	$185,119	$84,753
29							
30	Amortization begin date (a)	July-01	July-01	July-01	July-01	July-01	July-01
31	Amortization period (months)	240	204	171	233	247	187
32	Amortization as of 12/31/10	114	114	114	114	114	114
33	Amortization as of 12/31/11	126	126	126	126	126	126

(a) rounded to nearest full month

Delmarva Power & Light Company
Delaware Distribution
Amortization of Loss/Gain on Refinancings
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(15) Medium Term Notes Jul-01	(16) Medium Term Notes Jul-01	(17) Preferred Stock Sep-01	(18) First Mortgage Bonds Feb-02	(19) Tax Exempt Bonds Jun-02	(20) Tax Exempt Bonds Jun-02
1	Total Company	($595,660)	$1,340,233	$793,077	$1,388,233	$944,292	$1,313,393
2	Electric Amount Refinanced	($548,960)	$1,235,159	$730,899	$1,166,115	$793,205	$1,103,250
3	Delaware Electric Distribution %	40.28%	40.28%	40.28%	40.28%	40.28%	40.28%
4	Delaware Electric Distribution	($221,121)	$497,522	$294,406	$469,711	$319,503	$444,389
5	Deferred SIT	$19,238	($43,284)	($25,613)	($40,865)	($27,797)	($38,662)
6	Deferred FIT	$70,659	($158,983)	($94,078)	($150,096)	($102,097)	($142,005)
7							
8	**Earnings**						
9	Amortization	($13,334)	$19,447	$19,627	$23,388	$15,909	$26,013
10	DSIT	$1,160	($1,692)	($1,708)	($2,035)	($1,384)	($2,263)
11	DFIT	$4,261	($6,214)	($6,272)	($7,474)	($5,084)	($8,312)
12	Total Expense	($7,913)	$11,541	$11,648	$13,880	$9,441	$15,437
13	Earnings	$7,913	($11,541)	($11,648)	($13,880)	($9,441)	($15,437)
14							
15	**Rate Base**						
16	Amortizable Balance - 12/31/10	($94,449)	$312,774	$19,627	$261,167	$182,952	$221,111
17	Amortizable Balance - 12/31/11	($81,115)	$293,327	$0	$237,779	$167,043	$195,098
18	Average Balance	($87,782)	$303,051	$9,814	$249,473	$174,998	$208,104
19							
20	Deferred SIT - 12/31/10	$8,217	($27,211)	($1,708)	($22,722)	($15,917)	($19,237)
21	Deferred SIT - 12/31/11	$7,057	($25,519)	$0	($20,687)	($14,533)	($16,973)
22	Average Balance	$7,637	($26,365)	($854)	($21,704)	($15,225)	($18,105)
23							
24	Deferred FIT - 12/31/10	$30,181	($99,947)	($6,272)	($83,456)	($58,462)	($70,656)
25	Deferred FIT - 12/31/11	$25,920	($93,733)	$0	($75,982)	($53,379)	($62,343)
26	Average Balance	$28,051	($96,840)	($3,136)	($79,719)	($55,920)	($66,500)
27							
28	Net Average Balance	($52,094)	$179,846	$5,824	$148,050	$103,852	$123,499
29							
30	Amortization begin date (a)	July-01	July-01	September-01	February-02	June-02	June-02
31	Amortization period (months)	199	307	120	241	241	205
32	Amortization as of 12/31/10	114	114	112	107	103	103
33	Amortization as of 12/31/11	126	126	120	119	115	115

(a) rounded to nearest full month

Delmarva Power & Light Company
Delaware Distribution
Amortization of Loss/Gain on Refinancings
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(21) First Mortgage Bonds May-03	(22) Tax Exempt Bonds Aug-03	(23) Trust Preferred May-04	(24) First Mortgage Bonds Jun-05	(25) Preferred Stock Jan-07	(26) Tax Exempt Bonds Mar-08
1	Total Company	$1,298,560	$1,347,719	$1,943,173	$4,497,500	$740,468	$439,979
2	Electric Amount Refinanced	$1,090,790	$1,132,084	$1,632,265	$3,777,900	$621,993	$369,582
3	Delaware Electric Distribution %	40.28%	40.28%	40.28%	40.28%	40.28%	40.28%
4	Delaware Electric Distribution	$439,370	$456,003	$657,476	$1,521,738	$250,539	$148,868
5	Deferred SIT	($38,225)	($39,672)	($57,200)	($132,391)	($21,797)	($12,951)
6	Deferred FIT	($140,401)	($145,716)	($210,097)	($486,271)	($80,060)	($47,571)
7							
8	**Earnings**						
9	Amortization	$25,719	$26,693	$38,486	$76,087	$25,054	$6,641
10	DSIT	($2,238)	($2,322)	($3,348)	($6,620)	($2,180)	($578)
11	DFIT	($8,219)	($8,530)	($12,298)	($24,314)	($8,006)	($2,122)
12	Total Expense	$15,263	$15,841	$22,840	$45,154	$14,868	$3,941
13	Earnings	($15,263)	($15,841)	($22,840)	($45,154)	($14,868)	($3,941)
14							
15	**Rate Base**						
16	Amortizable Balance - 12/31/10	$242,190	$258,031	$400,900	$1,096,920	$150,323	$130,052
17	Amortizable Balance - 12/31/11	$216,470	$231,338	$362,414	$1,020,833	$125,269	$123,411
18	Average Balance	$229,330	$244,685	$381,657	$1,058,876	$137,796	$126,731
19							
20	Deferred SIT - 12/31/10	($21,070)	($22,449)	($34,878)	($95,432)	($13,078)	($11,315)
21	Deferred SIT - 12/31/11	($18,833)	($20,126)	($31,530)	($88,812)	($10,898)	($10,737)
22	Average Balance	($19,952)	($21,288)	($33,204)	($92,122)	($11,988)	($11,026)
23							
24	Deferred FIT - 12/31/10	($77,392)	($82,454)	($128,108)	($350,521)	($48,036)	($41,558)
25	Deferred FIT - 12/31/11	($69,173)	($73,924)	($115,809)	($326,207)	($40,030)	($39,436)
26	Average Balance	($73,282)	($78,189)	($121,959)	($338,364)	($44,033)	($40,497)
27							
28	Net Average Balance	$136,096	$145,208	$226,494	$628,390	$81,775	$75,209
29							
30	Amortization begin date (a)	May-03	August-03	May-04	June-05	Jan-07	Mar-08
31	Amortization period (months)	205	205	205	240	120	269
32	Amortization as of 12/31/10	92	89	80	67	48	34
33	Amortization as of 12/31/11	104	101	92	79	60	46

(a) rounded to nearest full month

Delmarva Power & Light Company
Delaware Distribution
Amortization of Loss/Gain on Refinancings
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(27) Tax Exempt Bonds Mar-08	(28) Tax Exempt Bonds Mar-08	(29) Tax Exempt Bonds Apr-08	(30) Tax Exempt Bonds Apr-08	(31) Tax Exempt Bonds Nov-08	(32) Tax Exempt Bonds Dec-10
1	Total Company	$668,515	$790,973	$176,784	$655,565	$84,228	$148,731
2	Electric Amount Refinanced	$561,553	$664,417	$148,499	$550,675	$70,752	$124,934
3	Delaware Electric Distribution %	40.28%	40.28%	40.28%	40.28%	40.28%	40.28%
4	Delaware Electric Distribution	$226,193	$267,627	$59,815	$221,812	$28,499	$50,324
5	Deferred SIT	($19,679)	($23,284)	($5,204)	($19,298)	($2,479)	($4,378)
6	Deferred FIT	($72,280)	($85,520)	($19,114)	($70,880)	($9,107)	($16,081)
7							
8	**Earnings**						
9	Amortization	$9,328	$8,775	$2,678	$9,575	$4,956	$3,451
10	DSIT	($811)	($763)	($233)	($833)	($431)	($300)
11	DFIT	($2,981)	($2,804)	($856)	($3,060)	($1,584)	($1,103)
12	Total Expense	$5,535	$5,207	$1,589	$5,682	$2,941	$2,048
13	Earnings	($5,535)	($5,207)	($1,589)	($5,682)	($2,941)	($2,048)
14							
15	**Rate Base**						
16	Amortizable Balance - 12/31/10	$199,765	$242,766	$52,450	$195,482	$17,760	$50,036
17	Amortizable Balance - 12/31/11	$190,438	$233,991	$49,772	$185,907	$12,804	$46,585
18	Average Balance	$195,102	$238,378	$51,111	$190,694	$15,282	$48,311
19							
20	Deferred SIT - 12/31/10	($17,380)	($21,121)	($4,563)	($17,007)	($1,545)	($4,353)
21	Deferred SIT - 12/31/11	($16,568)	($20,357)	($4,330)	($16,174)	($1,114)	($4,053)
22	Average Balance	($16,974)	($20,739)	($4,447)	($16,590)	($1,330)	($4,203)
23							
24	Deferred FIT - 12/31/10	($63,835)	($77,576)	($16,760)	($62,466)	($5,675)	($15,989)
25	Deferred FIT - 12/31/11	($60,854)	($74,772)	($15,905)	($59,407)	($4,091)	($14,886)
26	Average Balance	($62,345)	($76,174)	($16,332)	($60,936)	($4,883)	($15,438)
27							
28	Net Average Balance	$115,783	$141,466	$30,332	$113,168	$9,069	$28,670
29							
30	Amortization begin date (a)	Mar-08	Mar-08	Apr-08	Apr-08	Nov-08	Dec-10
31	Amortization period (months)	291	366	268	278	69	175
32	Amortization as of 12/31/10	34	34	33	33	26	1
33	Amortization as of 12/31/11	46	46	45	45	38	13

(a) rounded to nearest full month

Delmarva Power & Light Company
Delaware Distribution
Amortization of Loss/Gain on Refinancings
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(33) Tax Exempt Bonds Dec-10	(34) Tax Exempt Bonds Jun-11	(35) Total
1	Total Company	$171,299	$634,231	$33,351,846
2	Electric Amount Refinanced	$143,891	$532,754	$29,349,330
3	Delaware Electric Distribution %	40.28%	40.28%	
4	Delaware Electric Distribution	$57,959	$214,593	$11,821,910
5	Deferred SIT	($5,042)	($18,670)	($1,028,506)
6	Deferred FIT	($18,521)	($68,573)	($3,777,691)
7				
8	**Earnings**			
9	Amortization	$3,296	$8,392	$655,361
10	DSIT	($287)	($730)	($57,016)
11	DFIT	($1,053)	($2,682)	($209,421)
12	Total Expense	$1,956	$4,980	$388,924
13	Earnings	($1,956)	($4,980)	($388,924)
14				
15	**Rate Base**			
16	Amortizable Balance - 12/31/10	$57,685	$0	$6,233,245
17	Amortizable Balance - 12/31/11	$54,388	$206,202	$5,792,478
18	Average Balance	$56,037	$103,101	$6,012,861
19				
20	Deferred SIT - 12/31/10	($5,019)	$0	($542,292)
21	Deferred SIT - 12/31/11	($4,732)	($17,940)	($503,946)
22	Average Balance	($4,875)	($8,970)	($523,119)
23				
24	Deferred FIT - 12/31/10	($18,433)	$0	($1,991,833)
25	Deferred FIT - 12/31/11	($17,380)	($65,892)	($1,850,986)
26	Average Balance	($17,906)	($32,946)	($1,921,410)
27				
28	Net Average Balance	$33,255	$61,185	$3,568,332
29				
30	Amortization begin date (a)	Dec-10	Jun-11	
31	Amortization period (months)	211	179	
32	Amortization as of 12/31/10	1	0	
33	Amortization as of 12/31/11	13	7	

(a) rounded to nearest full month

Schedule JCZ-11
Adjustment 24

Delmarva Power & Light Company
Delaware Distribution
Amortize Qualified Fuel Cell Provider Project Costs
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(3) System Electric	(4) DE D Alloc Factor	(5) DE Distribution	
1	**Earnings**				
2	Amortization	$88,637	100%	$88,637	(1)
3	Expense in Test Period - Account 928			$265,910	
4	Adjustment			($177,273)	
5					
6	State Income Tax			$15,423	
7	Federal Income Tax			$56,648	
8	Total Expenses			($105,203)	
9					
10	Earnings			$105,203	
11					
12	**Rate Base**				
13	Average Amortizable Balance	$221,592	100%	$221,592	(2)
14					
15	Deferred State Income Tax			($19,278)	
16	Deferred Federal Income Tax			($70,810)	
17	Net Rate Base			$131,504	

Qualified Fuel Cell Provider Project Costs

(1)	DP&L Delaware	$265,910
	Amortization period - years	3
	Annual amortization amount	$88,637
(2)	DP&L Delaware - beg balance	$265,910
	DP&L Delaware - end balance	$177,273
	DP&L Delaware - avg balance	$221,592

Schedule JCZ-12
Adjustment 25

Delmarva Power & Light Company
Delaware Distribution
Recovery of Tax on OPEB Medicare Tax Subsidy
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(3) DE Distribution	
1	**Earnings**		
2	Amortization	$36,845	(1)
3			
4	State Income Tax	($3,205)	
5	Federal Income Tax	($11,774)	
6	Total Expenses	$21,865	
7			
8	Earnings	($21,865)	
9			
10	**Rate Base**		
11	Average Amortizable Balance	$92,112	(2)
12			
13	Deferred State Income Tax	($8,014)	
14	Deferred Federal Income Tax	($29,434)	
15	Net Rate Base	$54,664	

(1)	DPL Total	$223,263
	DPL Electric %	84.0000%
	DPL Electric Delaware Distribution %	58.9386%
	DP&L Delaware	$110,534
	Amortization period - years	3
	Annual amortization amount	$36,845
	DPL Electric Delaware Distribution	
(2)	Beg. Balance	$110,534
	End. Balance	$73,689
	Avg. Balance	$92,112

Schedule JCZ-13
Adjustment 26

Delmarva Power & Light Company
Delaware Distribution
Remove Post-80 ITC Amortization
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(3) System Electric	(4) Delaware Distribution	(5) Delaware Distribution
1	**Post 1980 Vintage ITC Amortization**			
2	Transmission	$86,006	0.0000	$0
3				
4	Distribution - DE	$186,300	1.0000	$186,300
5	Distribution - MD	$118,915	0.0000	$0
6	Distribution - VA	$16,232	0.0000	$0
7				
8	General & Common	$117,812	0.5894	$69,437
9				
10	Total Expense	$525,265		$255,737
11				
12	Earnings	($525,265)		($255,737)

Schedule JCZ-14
Adjustment 27

Delmarva Power & Light Company
Delaware Distribution
Reflect Credit Facilities Cost
6+6 Months Ending December 2011

(1) Line No.	(2) Item	(3) DE Distribution	
1	**Earnings**		
2	Expense	$371,958	(1)
3	Expense in Test Period	$132,098	
4	Adjustment	$239,860	
5			
6	State Income Tax	($20,868)	
7	Federal Income Tax	($76,647)	
8	Total Expenses	$142,345	
9			
10	Earnings	($142,345)	
11			
12	**Rate Base**		
13	Average Amortizable Balance	$186,271	(2)
14			
15			
16			
17	(1) Annual amortization of start-up costs	$329,680	
18	Annual cost of maintaining credit facility	$511,111	
19	Total DPL expense	$840,791	
20			
21	DPL Electric	$706,264	
22	Allocation to Distribution	89.3567%	
23	DPL Distribution	$631,094	
24	Allocation to Delaware Distribution	58.9386%	
25	DPL DE Distribution	$371,958	
26			
27	(2) DPL 13 mos average	$421,056	
28			
29	DPL Electric	$353,687	
30	Allocation to Distribution	89.3567%	
31	DPL Distribution	$316,043	
32	Allocation to Delaware Distribution	58.9386%	
33	DPL DE Distribution	$186,271	